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Burke H. Critchfield

Carl F. Wente

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THE CALIFORNIA WINE INDUSTRY DURING
THE DEPRESSION

With an Introduction by

Maynard A. Amerine



Burke Critchfield being interviewed
March 9, 1970

Photograph by Catherine Harroun

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Andrew G. Frericks

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PREFACE

The California Wine Industry Oral History Series, a project of the Regional Oral History Office, was initiated in 1969, the year noted as the bicentenary of continuous wine making in this state. It was undertaken through the action and with the financing of the Wine Advisory Board, and under the direction of University of California faculty and staff advisors at Berkeley and Davis.

The purpose of the series is to record and preserve information on California grape growing and wine making that has existed only in the memories of wine men. In some cases their recollections go back to the early years of this century, before Prohibition. These recollections are of particular value because the Prohibition period saw the disruption of not only the industry itself but also the orderly recording and preservation of records of its activities. Little has been written about the industry from late in the last century until Repeal. There is a real paucity of information on the Prohibition years (1920-1933), although some wine making did continue under supervision of the Prohibition Department. The material in this series on that period, as well as the discussion of the remarkable development of the wine industry in subsequent years (as yet treated analytically in few writings) will be of aid to historians. Of particular value is the fact that frequently several individuals have discussed the same subjects and events or expressed opinions on the same ideas, each from his own point of view.

Research underlying the interviews has been conducted principally in the University libraries at Berkeley and Davis, the California State Library, and in the library of the Wine Institute, which has made its collection of in many cases unique materials readily available for the purpose.

Three master indices for the entire series are being prepared, one of general subjects, one of wines, one of grapes by variety. These will be available to researchers at the conclusion of the series in the Regional Oral History Office and at the library of the Wine Institute.

The Regional Oral History Office was established to tape record autobiographical interviews with persons who have contributed significantly to recent California history. The office is headed by Willa K. Baum and is under the administrative supervision of James D. Hart, the Director of The Bancroft Library.

Ruth Teiser
Project Director
California Wine Industry
Oral History Series

1 March 1971
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INTRODUCTION

Burke H. Critchfield

Burke H. Critchfield was born in North Dakota in 1888. He received an M.A. in agricultural economics from the University of Minnesota and worked as a market specialist for government and private organizations before coming to California.

In 1927 he came to California for the Federal Bureau of Economics. Seven years later he was employed by the Bank of America. At a critical stage in the post-Prohibition period of the California wine industry, he played an important role in protecting the bank's loans to the newly developing wine industry and in industry-wide measures on behalf of the whole industry. In 1935 the bank lent him to the Wine Institute, which according to his account he had played an important part in organizing with the potent aid of A. P. Giannini. He served as lobbyist in various states.

This interview was taped when Mr. Critchfield was 82 years old and only six months before his death. It therefore often raises questions which are not easily answered. It is not clear to this reader (p. 18 et seq.) whether Critchfield is talking about the Wine Institute or the grape prorate program of 1938. He was active in the prorate program of 1938-9 and then in planning and later in operating the Central California Wineries.

The story of the genesis and death of Central California Wineries is covered in detail. Certainly all the details are not given here. The anti-trust aspect of the case is only sketchily referred to. Critchfield frankly admits that a personality conflict was involved. The details of the liquidation of Central California Wineries are not clear in the interview but are made clearer in the Interview History.

As to who was most responsible for the organization of the Wine Institute, time will decide. Mr. Critchfield assumes major credit--and perhaps he deserves it--though little specific evidence is given in the interview.

His career is best summarized in his own words, "I'm a promoter."

Carl Wente

Carl Wente came to the Bank of Italy at a very early date. (He was manager of the Madera branch in 1919.) Much later, from 1952 to 1954, he was president of the Bank of America.

Because of his father's winery at Livermore and of his two brothers who made Wente Bros into an important wine company, he was always interested in the wine industry. Doubtless he followed Critchfield's efforts closely. Hence his paper, included here as an over-all view of matters Critchfield discussed in particulars.

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23 February 1972

INTERVIEW HISTORY

Burke H. Critchfield was interviewed on March 9, 1970, in his study at his home in St. Helena, where he and Mrs. Critchfield had lived since his retirement. Correspondence had preceded the interview, and Mr. Critchfield had gathered papers to refer to. Copies of some were made and have been drawn upon for footnotes, and for the following account of his career with the Bank of America.

The interview was held in two sessions, one in the morning, then another in mid-afternoon after Mr. Critchfield had had time to lunch and rest. He spoke quite clearly, but at times he and the interviewer were not entirely understanding each other, and there was also some lack of time sequence in his account. He later wrote out and sent to the interviewer the memorandum that forms Appendix I.

The initial transcript, with questions by the interviewer intended to clarify some points, was sent to Mr. Critchfield September 21, 1970. On October 23, before he had had an opportunity to check it, Mr. Critchfield died. His nephew, Burke M. Critchfield of Livermore, read it over and made some minor corrections in wording.

To clarify the sequence of events discussed in the interview, the following account has been prepared.

Burke H. Critchfield entered the employment of the Bank of America on February 26, 1934, as a vice president and continued to hold that position until October 1, 1941, when he took a leave of absence prior to terminating his employment, according to the bank's records. An article in the San Francisco Examiner of February 27, 1934, announced his appointment and stated: "Critchfield, who has been in charge of crop production loans with the Federal Intermediate Credit Bank in Berkeley since November last, will supervise the same type of credit with Bank of America."

One can speculate that A. P. Giannini, the bank's founder and active head, was impressed by Critchfield's previous work with the Giannini Agricultural Foundation of the University of California in setting up the California Prune Pool and the California Prune Control Board to stabilize the state's prune market. (It is described in Marquis and Bessie R. James,

On January 8, 1935, A. P. Giannini sent the following telegram to Paul Garrett of Garrett & Company, in Brooklyn, New York:

Under auspices California State Chamber of Commerce grape and wine industry struggling very hard organize Wine Institute Stop Undertaking now seems assured of success Stop We loaned Mr. Critchfield to Chamber to assist during organization period Stop Wine Institute has now asked that we loan Critchfield for period of time to work for Institute in advancing the interests of the grape and wine industry nationally throughout Eastern states and Washington Stop Am informed sixty per cent of California industry signed up and strenuous efforts are being made to obtain complete participation Stop Believe very helpful to Wine Institute in obtaining additional signatures if you sign up your California interests Stop Would personally appreciate Stop We are gratified to loan Critchfield further and assist industry in every way possible if the individuals in the industry do their part.

The bank did loan Critchfield for the legislative work, as he recalled in his interview (pp. 49-50). In April the Institute reported that he had "during the past two months... been assisting the Wine Institute in [an] advisory capacity in surveying Eastern and Midwestern legislative and regulative problems pertaining to wine [and] is in the East again after a brief stay in California."

During the following months he sent in many reports on the legal status of wine in states in the East and as far west as Utah. (See Appendix II for his report on quality standards.) It may be, however, that Mr. Critchfield's memory played him false when he recalled that he had spent "most of a year" on the legislative work, for on July 12 the board of directors of the Wine Institute passed a resolution thanking him for his efforts as if they had been concluded. ("Mr. Critchfield has [worked] unceasingly over a period of many months, without regard for his personal interest or his health, to perform the difficult task and to obtain results which were beyond the most optimistic expectations....") And no longer did out-of-state reports appear over his name.

It is not known whether Critchfield participated in the 1935 Wine Institute drive, mentioned by Giannini in his telegram to Garrett, that increased membership from 72 in

March to 187 in November. Probably Critchfield's references in his interview (pp. 18 and 48) of work toward increased membership refers to the three-pronged 1938 drive discussed below.

The only 1936 event specifically mentioned in Critchfield's interview is the securing of wines for the American Bankers Association meeting in San Francisco, an action which tied in with the California industry's continuing effort to raise the prestige of its products. A rather elaborate 16-page pamphlet on the California industry and its wines was prepared by the Bank of America to present to the bankers with the wines. Mr. Critchfield's copy is on deposit in the Bancroft Library.

In 1937 the Bank of America took Community Grape Corporation away from the Berkeley Bank for Cooperatives, as Critchfield related in his interview (p. 27). On August 10, he wrote the following letter to Community:

August 10, 1937

Community Grape Corporation
Lodi, California

Attn: W. A. Spooner, Mgr.

Dear Bill:

In line with your request as to what terms our Bank would make for a loan that would enable you to make your 1937 crush to advantage and give your Growers substantial cash advances. we are willing to make the following arrangements:

On approximately 650,000 gallons of Sweet Wine which you now have in storage in Lodi we will make an advance of 20¢ per gallon; and on your 60,000 proof gallons of Warehoused Commercial Brandy in new oak cooperage, we will loan you 50¢ per proof gallon. This will give you \$160,000 and this will enable you to retire your Berkeley Bank for Cooperatives' obligation of \$123,894.07, and gives you a working capital of \$52,000.00 in excess of your Berkeley Bank obligation.

On new Sweet Wines we will advance 20¢ a gallon when fortified and upon satisfactory chemical analysis, and tentatively 50¢ per proof gallon on Commercial Brandy in new oak cooperage. Subject to our approval of quality.

We would not require any chattel mortgage or deed of trust on any of your property but require you to warehouse the wine with a reputable warehouse company. The Laurence* Warehouse Company has given us a figure of warehousing costs to you of \$150.00 a month over all, assuming an average inventory of one and a half million gallons.

Wine would be released to Fruit Industries, Ltd., according to sales agreement and all proceeds from Fruit Industries from wines and brandies now in their pools and from shipments to be made to be assigned to the Bank of America, Lodi Branch, with the understanding that from these monthly proceeds deduction would be made of 20¢ per gallon on the old wine released and 22¢ per gallon on new wine released and 60¢ per proof gallon on brandy released and the balance of the proceeds to be credited to your account. Interest to be at 5%.

Cordially yours,

[signed]

B. H. Critchfield,
Vice President
Commodity Loan Dept.,
Bank of America, N.T. & S.A.

BHC
PW

An unsigned typed memorandum dated August 13 reported that the sub-committee of the bank's general finance committee had approved a commitment of \$575,000 and specified its uses in detail. The Lodi Times of August 14, 1937, reported the loan as follows:

Grower-members of the Community Grape Corporation will receive an advance price of \$15 per ton for grapes delivered to the winery this fall crushing season, J. V. Bare, president of the big co-operative association, announced yesterday.

This will be the highest advance price ever paid by a co-operative winery and is \$5 per ton higher than the customary \$10 payment made by grower-operated concerns.

Arrangements to make this larger advance to their 151 grower-members were completed Thursday by Bare and

*Lawrence

W. A. Spooner, secretary-manager, with the Bank of America...

Bare reported that the Community has paid off all of its financing obligations to the Berkeley Bank for Co-Operatives...

The entrance of the Bank of America into the wine producing financing field follows the state-wide banking corporation's realization of the unprecedentedly strong position of the wine industry, based on the healthy condition of the wine markets, greater stability in the wine price structure, increasing wine consumption and generally favorable prospects for the 1937 grape crop...

The Bank of America, acknowledging the increased cost of production of grapes and wines, has adopted this winery financing policy as a means of aiding the grape growers in receiving a higher advance price for their product. The bank expects to put approximately \$3,000,000 into the grape and wine deal this fall...

Bare said that this Bank of America financing program will have a salutary effect upon stabilizing both the price for grapes and for wine and brandy. He declared that his higher advance to co-operative members is in keeping with the facts revealed at the Wine Institute meeting, where vintners, growers and bankers agreed that the price for 1937 grapes should range from \$17.50 to \$22.50 per ton, delivered at the winery...

Nineteen thirty-eight was the year the stabilization plan known as the prorate was organized. The background of the program is summarized in a paper prepared for the Wine Institute in 1943 by Jessie Schilling Blout titled A Brief Economic History of the California Wine-Growing Industry (pages 28 and 29). In 1937 and 1938 "bumper crops, accompanied by a marked reduction in the demand for raisins...led to depressed grape prices generally and a greatly increased crush by commercial wineries... A still further price-depressant was the Federal tax on brandy used in the production of dessert wine... According to the California Agricultural Prorate Commission, 'In the spring and early summer of 1938, it became apparent to the informed growers and vintners of California that there impended a very serious economic problem for both elements of the industry.'"

It was apparent to A. P. Giannini also, for on April 14 he wrote to Paul Garrett (in part):

A program is being developed among California wineries for substantial wine industry advertising and market stabilization which is being fostered by the Wine Institute. Mr. Critchfield will be glad to get your detailed views and suggestions, as he is keeping in very close contact with this industry in which we are all interested.

This effort included strengthening the industry organization as well as developing an advertising program and putting together the stabilization plan, and it is probably this tripartate effort that Critchfield referred to somewhat obscurely on pages 18, 20 and 48 of his interview. The advertising account was given, as Critchfield indicated, to the J. Walter Thompson Company, and on January 27, 1938, Arthur C. Farlow of that firm wrote to A. P. Giannini to say "we are pleased and grateful to have received that appointment."

The prorate, which according to Blout diverted 45% of the grape crop to brandy, was financed equally by the Reconstruction Finance Corporation and private banks. Biography of a Bank states (page 402) that the program "ultimately" cost \$7,400,000, that originally twenty banks offered to take half of the financing, but that fifteen dropped out and "the burden was borne by the Bank of America which contributed 80.4 per cent of the bankers' share, with four other banks contributing the remainder."

While the prorate proved successful in the long run, prospects for the 1939 vintage year were poor, with another large crop and depressed prices anticipated. It was this situation which brought about the formation of Central California Wineries, Inc.

An article in the Fresno Bee of September 9, 1939, began:

Approval by representative California banking and vintner interests of a comprehensive 1939 wine grape industry program which the sponsors say will result in an estimated \$8,000,000 increase in returns to growers was announced today by the recently formed Central California Wineries, Inc.... The new non profit organization which filed articles of incorporation at the state capital and in

Fresno, is composed of a group of about thirty* independent wineries and is supported through contractual agreements with virtually all of the major independents and cooperative wineries.... Calvin L. Russell, of the Tulare Winery Company at Tulare, is president of the organization and headquarters have been established in the Helm Building, Fresno. Other directors are Joseph Di Giorgio, of the Earl Fruit Company; Fred Vieth, Mount Tivy Winery; J. B. Gundert, Acampo Winery, and Mount K. Wild of Fresno, counsel.

On November 8 following, an article in the Los Angeles Times described the organization. It quoted Critchfield, "vice president of the Bank of America, whose services were loaned to the...group to aid them in the development of the new organization," on its objectives. And it quoted A. J. Gock, vice chairman of the board of the bank (in part) as follows:

Even before the new organization commenced operations, the beneficial effects of the program began to make themselves felt. Growers' returns on their grapes moved upward, and finished wine prices also strengthened. Central California Wineries has been in active operation for two months now, and further gains in grape prices to growers and in finished wine prices have taken place.

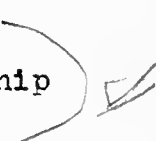
Critchfield had been loaned to the C.C.W. some time in the early summer of 1939. He became general manager.

In the spring of 1940, C.C.W. bought two wineries and placed them under Central Winery, Inc., newly organized by C.C.W. members. The two wineries were the Louis M. Martini establishment in Kingsburg (reported in the Fresno Bee of March 12, 1940) and the Greystone cellar near St. Helena, which the Bank of America had taken over from the Bisceglia Brothers (reported in the St. Helena Star of April 19, 1940). The cost of the Martini winery plus "an additional large storage and blending plant" to be constructed was given as "more than \$1,000,000." The magazine Wines and Vines, in its May 1940 issue, gave the selling price of the Greystone cellar as approximately \$300,000. A "2,000,000 gallon inventory of vintage sweet wine" was included in the Martini purchase, and

*There were 19 members during most of C.C.W.'s life. See Appendix III.

an unspecified amount of "fine old stocks of Napa and Sonoma County dry wines" was included in the Greystone sale. The reason for C.C.W.'s purchase was given as a need for storage, blending, bottling and marketing facilities.

In announcing the purchase of the Kingsburg winery, the Pacific Rural Press of March 23, 1940 noted:

San Joaquin Valley growers were generally quite happy last season with the cash support CCW gave to the deal, despite occasional complaints. This next season should now see equally prompt cash and a much stronger market.... The Bank of America has been the principal financial support of CCW and has been the angel for many of its member wineries while the going was discouraging. It has, in numerous instances which we peeked into [sic], fought to keep out of any ownership interest and that still seems to continue to be that bank's policy in this new expansion deal. 

Critchfield continued as C.C.W.'s general manager into 1941. In his interview he indicated that he left the organization because of difficulties with Di Giorgio, and his own physical fatigue. (Friends of Critchfield have stated that he was a man who, when he took on a job, frequently worked to the point of exhaustion.) There is a suggestion in his interview (page 42) that the arrival of Louis Golan may have been the immediate cause of his departure. An additional circumstance that could have been a factor was a change in the presidency of C.C.W. In February 1941, Calvin Russell, with whom (as Critchfield indicated in his interview) he worked well, was made chairman of the board and was succeeded as president by Ralph S. Heaton, with whom Critchfield indicated he did not see eye to eye. At the time, however, according to an article in the Fresno Bee of February 6, 1941, announcing the changes, Critchfield was continuing as general manager and assuming "a new position as executive vice president."

The precise dates of Golan's arrival in the organization and Critchfield's departure have not been ascertained. In his interview, Critchfield recalled that he "went back to the bank and then took a long vacation" (page 42). The vacation may have begun before he was placed on leave of absence on October 1, 1941, or on that date.

The end of C.C.W. came the following year. Although Critchfield was no longer associated with it and was increasingly absorbed by his grain bin project, he continued

to be informed of events. The subpoena which he mentioned in his interview (page 44) was dated June 20, 1942. By it, the United States District Court ordered the Capital Company, a Bank of America affiliate, and certain individuals to produce specified papers relating to the wine industry and C.C.W. at the June 24 meeting of the federal grand jury in San Francisco. Critchfield's name was included among those of bank officials, but a bank representative requested that it be deleted because he was no longer an active officer.

Various segments of the industry, many not related to C.C.W., immediately responded to the threat of what was understood to be anti-trust action by raising objections in Washington. It has been said that a delegation went to President Roosevelt. It is known that on July 1, 2 and 3, Emanuel Cellar presided over informal hearings in a House of Representative subcommittee room at which representatives of government agencies and the wine industry appeared. The hearings resulted in a memorandum being sent to Attorney General Biddle reporting the conclusion that probably no infractions of the anti-trust laws had been committed, but if they had, they had been committed unwittingly, and suggesting that indictment proceedings be suspended.

Mount K. Wild, who as Critchfield noted was sent to Washington, wrote to Critchfield on July 14, 1942, on Mayflower Hotel stationery as follows:

Dear Burke

We are still here - and according to today's developments I will either head for the coast immediately or be here perhaps as much as a week more. Perhaps you saw in the papers an announcement that the Federal Grand Jury was discharged Saturday without returning an indictment in connection with an important investigation it had made regarding a California industry and many individuals connected with it. There was quite a row out there and the foreman of the jury demanded the resignation of Attorney General Biddle - no less - for obstructing justice. There is still much to be done however.

Was very interested in your grain bin literature.... May have to get one for the doghouse use you suggested - come here for two days - been here three weeks - and will surely need a place of refuge when I get back

Best regards

Mount

A long article headed "U.S. Jurors Urge Ouster of Biddle" had appeared in the San Francisco Examiner of July 12, 1942. This one read in part:

Hardly had Federal Judge Michael J. Roche yesterday afternoon discharged the Federal grand jury which has been sitting here since last March, than its foreman -- David E. Snodgrass, dean of the Hastings College Law School -- issued an angry statement in which he 'demanded' the immediate resignation of Attorney General Francis Biddle for 'obstructing justice" in the Federal Courts here....

That the Snodgrass statement was not his solely... was made plain by other members of the Federal Jury.... [W]hen reporters asked them if they concurred in the Snodgrass view, fully three-quarters of them uttered or nodded affirmatives.

The nature of the case on which the jury had been working, and on which they charge they were denied an opportunity to vote, cannot be revealed, beyond the fact that it is an antitrust action. Nor can the identities of the individuals or firms or parties to have been named in the proposed indictment be publicized.

Yesterday's explosive Snodgrass statement...came... as an aftermath to the occurrence a few days ago in open court, when Foreman Snodgrass told Judge Roche that there had been interference from Washington in the case before the jury....

[Yesterday] Wallace Howland, special assistant to the attorney general...asked that Judge Roche extend the jury's life, so that additional witnesses might be heard-- 'disinterested' witnesses Howland termed them, who could testify as to 'government concurrence' in the pending antitrust matter. The intimation was that in view of the Government's 'concurrence,' the matter should be brought up in civil action, not in a criminal indictment by the grand jury.

It was probably following this that preparations were made for a civil action, although no date has been ascertained. A civil complaint and two consent decrees were drawn up ready for filing. Although the complaint contains no date, the alternate consent decrees indicate that the complaint was to have been filed in either October or November, 1942. None of the papers was filed.

The case was to be titled "United States of America v. Bank of America National Trust & Savings Association et al." The other defendants included the Capital Company, the Wine Institute, Central California Wineries, Inc. and its members, 27 other wineries, and many individuals associated with the bank and the industry. The wineries listed were asserted to produce more than 80% of California's sweet wines. The defendants were charged with combining and conspiring to fix sweet wine prices and terms of sale. The plaintiff asked that the court enjoin the defendants from continuing such action or engaging in similar action in the future.

The consent decrees differ slightly, but both assume denial of all allegations by all the defendants, and their consent to refrain from the practices mentioned in the complaint. They also require dissolution of Central California Wineries, Inc., Central Winery, Inc. and several other organizations. One specifies return of the Greystone winery to the bank and disposal of the Kingsburg winery. Since they were not filed, no legal action ensued.

In November 1942, Central Winery, Inc. sold the Kingsburg and Greystone wineries and their inventories to Schenley Distilleries, Inc. for "approximately \$4,000,000," according to the Fresno Bee of November 13, 1942. The figure is given as \$3,800,000 in Biography of a Bank (page 405). It is impossible to compare the buying and selling prices of the properties for in addition to inexact figures on the sales, no detailed list of inventories, added equipment, and improvements included in the transactions is available. It is reasonable to assume that the sale represented a profit, for World War II had begun and the wine situation had improved considerably.

The same newspaper account indicated that Central Winery, Inc. would be liquidated. According to Biography of a Bank, Central Winery was liquidated and distributed a profit of \$657,000, and when Central California Wineries, Inc. liquidated it distributed \$895,000 to its members.

When the bank's part in financing C.C.W. was brought up at a 1950 Federal Reserve Board investigation of "monopolistic tendency charges against Transamerica Corp." (according to the San Francisco Chronicle of April 13, 1950), Jesse W. Tapp stated that "the firm was formed when the wine business in California was in the trough of depression. It was investigated by the Department of Justice as a possible infringement of

antitrust laws but the case was dropped.... The board's counsel asked Tapp why the wineries' organization dissolved. Tapp said it was because it had the opportunity to dispose of the various wineries at profitable prices."

Ruth Teiser
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Oral History Series

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Regional Oral History Office
486 The Bancroft Library
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PART I

Burke H. Critchfield

BACKGROUND SUMMARIZED

[Burke H. Critchfield was born in Hunter, North Dakota, February 10, 1888. His father, a doctor, died when he was in his last year of high school, and he worked on a farm to pay his expenses during his college years. He went first to the University of Minnesota, then to the Agricultural College of North Dakota, where he was awarded the B.S. degree in 1909. He returned later to the University of Minnesota and received an M.A. in agricultural economics.

His career as an agricultural economist and marketing specialist included heading private marketing organizations and making surveys for the U.S. Department of Agriculture in various parts of the country. He spent a year working for the Idaho State Director of Agriculture organizing farm marketing programs, then was asked by the U.S. Bureau of Agricultural Economics to make a study of dried prunes in Oregon.]

(Interview Date - March 9, 1970)

WORK IN CALIFORNIA AGRICULTURAL ECONOMICS,
1927-1934

Critchfield: The head of the Bureau of Agricultural Economics said, "Burke, how would you like to go down to California and represent the Secretary of the Department of Agriculture in the marketing activities and research in the western group of states?" And that was how I came to California.*

Teiser: I see.

Critchfield: That was it. And I came because that was a new approach. Now, this was a study of the production, marketing and demand; or, demand, marketing and production. This was the first definite promulgation of that type of agricultural economic philosophy, you see. Well, they thought I could do a lot of good. I did. I got the University staff started. I did some research work in the California State Department [of Agriculture], you see. They had some money at the time.

We made a study on the topic, "What does the consumer know about the quality of canned peaches?" I put men in six markets at least.

*In June 1927, Mr. Critchfield was appointed head of the San Francisco regional office of the United States Bureau of Agricultural Economics.

Teiser: This was with the United States Department of Agriculture in cooperation with the California State Department of Agriculture?

Critchfield: Yes. I became head [of the project] eventually.* We had already sent a man out to California to take up this federal-state job in charge of all the marketing activities. By the time that I was there a few months, it was recognized that he wasn't going to stay. He was a little too old for one thing. And he made his approach too much: "There's just one thing for you to do--pull out these trees, pull out these vines," and so forth.

Here I am in California and punching the University up to put some of those good young men they were training, agricultural economists, to take some of these sick areas. They had a very good man by the name of R.L. Adams, who was not head of Agricultural Economics--for that was [Dr. Henry E.] Erdman, who was a farm management man. He [Adams] had gone to Cornell and taken his Master's--I don't know whether he ever got a doctorate or not--but he was very adaptable.

Teiser: He was at Berkeley or at Davis?

Critchfield: Berkeley.

Teiser: At the University?

Critchfield: At the University.** The first job they undertook was one down at Delhi. That was when they had settled that with veterans of the first World War. They put them into small areas. It was quite obvious that the size of farm was [too small. That was] one of the things that they would conclude out of it.

*In February 1928, Governor C.C. Young of California announced the appointment of Mr. Critchfield as chief of the state Division of Markets.

**See also: Henry E. Erdman, Agricultural Economics... 1922-1969, an interview completed by the Regional Oral History Office, University of California, Berkeley, in 1971.

Teiser: Where was it?

Critchfield: Delhi. You know where Delhi is? You know where Modesto is? Well, between Modesto and Merced, about halfway, is the little town of Delhi, which when I first came out here was one of [Dr. Elwood] Mead's projects. Do you remember who Mead was? He was the great man for settling up these projects, and he was the man Lake Mead was named for down there, until they changed it back to Hoover Dam. Well, we found out that neither the retailers nor the consumer had any very good idea of the quality or the relation between the quality and price. We picked up somewhere between 500 and 1,000 cans of peaches and had the Cannery League [of California] experts cut them and grade them without knowing whose they were. Otherwise they'd doctor it up. Now, that publication was published by the peach growers' association.

I stayed with the state on that job for two or three years--three years, I guess. But there was too much politics in it.

Teiser: May I get the chronology of this straight? You came out for the federal government?

Critchfield: The Bureau of Agricultural Economics.

Teiser: Then did you transfer to the state?

Critchfield: No, I never transferred to the state. I always was a federal man, you see. But I was in charge of a project.

Teiser: Then your title of Chief of the State Division of Markets was under a joint federal-state program?

Critchfield: That's right.

Teiser: [Tape is turned] You were saying that you got a series of radio...

Critchfield: Radio short waves, and put in a communicating network. I got a hold of a young man who was smart enough to build the equipment. He was very smart in this particular line, and I got him when I got the network. So we put in this network--Sacramento, San Francisco, Fresno, during the grape season several others, Salinas, the carrot area

Critchfield: down there, this side of Santa Barbara; Los Angeles; the Imperial Valley.

We got the grant of the use of those wave lengths and kept them for twenty-odd years.

Teiser: For agricultural information?

Critchfield: For agricultural information. We had a leased wire coming in to Sacramento from San Francisco, and then we just beamed it out and back again and distributed information that way.

Teiser: I see. When did you start that?

Critchfield: I came out here in '27, you see, but I kept my federal connections all this time, and they paid part of my salary until I left. I think it was '28 that we got that federal grant.

Teiser: You mentioned that there were politics. I'm sure there were.

Critchfield: The man who was State Director of Agriculture was a little German who had got his technical training at Kew Gardens, and he was very close to the citrus group. They more or less ran the show. The things that they wanted done got the prime consideration. They didn't need market information. That's one of the fine cooperatives. But the director and I didn't get along too well, and so finally we parted.

Teiser: It was during this period then that you first...

Critchfield: Before I left, the first spring that I was there, James Mills--he had that big operation and that big lemon grove up there west of Corning and down through there (900 acres) years ago--was head of the Board of Regents for a little while, but he was a close friend of Mr. [George] Hecke, the Director of Agriculture. One day he called me and he said, "There must be something that happened to the prune business somewhere. They have raised their offers to me for my prune crop, and they've tried to buy it from me for so many cents over last year's price. See what you can find out."

I got on the phone to Washington immediately and cabled to our man over in Munich, and he got on his horse quickly and found out that there had

Critchfield: been a bad frost and the Yugoslavian prune crop was almost completely wiped out, that was the competition for the prune business here in this country. So, following this, Steer sent me back directly a report.

Teiser: Steer?

Critchfield: Lloyd Steer.

Teiser: Who was he?

Critchfield: He was in our foreign section of the Bureau of Agriculture; he was the foreign agricultural representative on the continent of Europe.

At that time Union Oil Company had put in a broadcasting room for us in our office in San Francisco and in Sacramento, and we had broadcast facilities, and I got right on this. I had been building up a list of principal prune growers, and I got out a bulletin to them that day. As Mr. [Robert I.] Bentley, the president of California Packing Corporation, said, I saved the prune growers about five million dollars that year by advising them of the conditions and factors that were going to influence the prune market and the price of their prunes, and there were many similar opinions.

We had one firm, Rosenberg Brothers, who were later purchased by Federated Growers or somebody. Because the Rosenberg girl was the only one left and she had the controlling stock, the [Rosenberg Brothers] had oversold to a tremendous extent, and they were trying to cover quickly. That was the kind of operation I was trying to help in direct economic things. Mr. Hecke didn't like it. Knowing he wouldn't like it, I didn't see him until the next day, because he was a customer for many years of Rosenberg's and always got what you called a "favorite customer position." Eventually we came to a parting of the ways.

Mr. Bentley of the California Packing Corporation called me up one day and invited me to come over the first time I was in the City to have lunch with him. He said, "We know that you and George are not getting along very good, and we'd like to have you take a position with the Cannery League," or the Cannery League and the peach growers. They had been

Critchfield: talking about a joint operation because we were already getting too many peaches. We're getting now into a prorate. I went with the Cannery League, and the peach growers paid part of my salary until mid-'32. We had a lot of those prorations with the cannerys paying the bill. Instead of a grower prorate, it was a canner's prorate. There were two cooperatives at the time. One year we pulled out and offered the growers so much an acre to eliminate certain trees; of course we got the punk trees, but they did take out ten thousand acres of trees--punk trees and poor varieties.

By that time we got into the Depression of the early 'thirties, and a lot of the cannerys went busted, so we were at a point one particular day when the head of the Cannery League said, "We want to keep everybody on; I'm putting this proposition to you. We suggest that you offer to take half the salary during this period of depression." I said, "Well, that's all right with me," because I wanted to stay there. I was working on consumer problems--consumer promotion--and was beginning to get somewhere, so I wanted to stay while it was still hot in my mind.

The head of the Regional Agricultural Credit Corporation, a part of the RFC--Reconstruction Finance Corporation--phoned me and asked me to come over to his office. He showed me a long telegram from Washington. Someone was charging that they were making commitments for loans that were impossible to pay out under the then existing conditions, and that it was going to upset some of the agricultural industries. That someone was E.W. Wilson, who later became State Superintendent of Banks, one of the finest men I ever worked for. He said, "I'm going to admit that I don't know anything about these agricultural loans. I was given this job and I want to keep it, and the board that they have given me are the heads of the California Fruit Exchange in Sacramento and the head of a group of cattlemen--all interested in getting every nickel they can out of the government for their members, which is all right." These were the men who met weekly or monthly and laid out the general policy, and Wilson didn't know enough to beat them down. He said, "Someone that I've got confidence in has told me

Critchfield: that you know the agricultural business here, and what you don't know you know how to find out about. I need somebody here who can take over. The vital thing of it is when these people want money, they've got to make a request; up to now we haven't put out any money, but we want somebody who can scale these loans down if it's necessary or increase them if it's necessary."

I said, "All right. I will come here and take over that job if you'll channel this through some of my close friends in the business of farming. They'll know. They know the people." He let me have six new men, and we got the money back and did a wonderful job.

In 1932, Roosevelt took over, and they couldn't see any good in anything Hoover had done, so they took this over and built the new Farm Credit Administration, which was a good thing. It had been a very constructive set-up, and most of those individual banks now are on their own.

Then a man came out from Washington and called me over to the Farm Credit offices, the Land Bank, and said, "We're going to take over the function of the Regional Agricultural Credit Corporation, and we'd like to have you come over to the Intermediate Credit Bank [in Berkeley] where the papers are going to be discounted and take over and build it up--build up a division."*

I then had the chance to pick out the men that I wanted that knew something. I went out then and virtually set up the production credit set-up, but I wasn't a Democrat. A good friend of mine from the Bank of America that had been up at Yuba City, who was a Democrat, immediately started to try to clear loans through that I didn't want, that I didn't think were sound, and on which they lost a lot of money. About that time I got a call from the Bank of America, Mr. Carl [F.] Wente, one day, and he said, "Mr. Mario [L.M.] Giannini and I are sitting here in his office and we'd like

*Mr. Critchfield took charge of crop production loans in the Federal Intermediate Credit Bank in November 1933.

Critchfield: to talk to you." I said, "Carl, I've been gone for five days over to Utah and down into Arizona and just got back, and I can't leave here for four or five days or more. I'm tied up. My desk is loaded." He said, "Get on the next car and come over here." Did you ever see Mr. Wente?

Teiser: Yes, I've talked to him.

Critchfield: Once he brought over forty rice growers to us at the Regional Agricultural Credit Corporation, and we took good care of them, but the Production Credit lost a lot of rice growers. I was glad in a way to get out of there, although when I went in to tell Mr. [Reuben] Evans, who was the officer in charge of Intermediate Credit, that I was leaving him, he said, "You can't. We've just elected you a vice president of Intermediate Credit Bank. The board of directors is just meeting now." I said, "Reuben, that wouldn't have made any difference if I had known it yesterday or the day before. I think I can contribute something to the Bank of America on its agricultural problems."*

THE WINE INDUSTRY AND THE BANK OF AMERICA

Teiser: Before you get to the Bank of America, let me go back then and pick up the grape industry. You mentioned, when I asked you, that you had observed the grape industry during the years you had been out here, and knew something of the Donald Conn scheme--project--whatever you want to call it. Would you give us your account of that from where you sat, what your view of it was?

Critchfield: They were setting up, as I remember, the Fruit Industries, a big institution somewhat along the lines of the Fruit Exchange in purpose. I've kind of lost my thread on it a little bit now.

Teiser: Well, I can remind you that Donald Conn had come out here; he had been a railroad traffic man, I believe, had he not?

*Mr. Critchfield was appointed a vice president of the Bank of America in February 1934.

Critchfield: A promoter. Conn was a promoter, a railroad promoter.

Teiser: And he had tried to get the grape growers together in something called the California Vineyardists' Association. This was around '26 or '27, about the time you came here, I think. Then a little later he was in on the establishment of Fruit Industries.

Critchfield: Well, maybe I was biased against Conn's approach. He was inclined to make statements about what he was going to get as already established. He was a high pressure salesman, and he sold the chief of my bureau back there, who was a very wonderful man, Lloyd Tenney, Chief of the Bureau of Agricultural Economics, on coming out here and assisting him in doing that. I think I got that from Lloyd. Lloyd didn't stay with him too long.

Teiser: Why?

Critchfield: Well, I think it was Conn's tactics. Conn was a high-powered motor that would state what he hoped to do as an accomplished fact. Mr. Hecke was going to throw the energy of the State Department of Agriculture behind him, and I protested it, because it didn't turn out. It was over-promoted, and I didn't think that was the way they were going to solve it.

Well, now here we are: I am at the bank [of America]. About the time I arrived there, Mario had a long spell of sickness. I went over there one afternoon, and they had brought us their customers, and they wanted them back. So we laid out a program. They knew how I had run the Regional. They had a staff of loan examiners, and not a one of them had ever been on a farm, I don't believe. This was at the Regional [Agricultural Credit Corporation]--political appointees for some reason or other. When I got a hold of it, I took control with my men in the field.

I didn't even get my money for eight or ten months. Wilson and his assistant (by the time that I got over there a day or two later after he'd talked to me) had gotten into a hassle. He was an ex-banker but didn't know beans about agriculture.

Teiser: You're not now referring to the Bank of America?

Critchfield: No, over at the Regional set-up. No, at the bank I was a vice president.

Teiser: In charge of special programs, was that it?

Critchfield: Production loans and agricultural counsel, more or less, of the bank.

Teiser: They paid you, though?

Critchfield: Yes, but they never paid me very much. Those were days when we were just getting out of a terrific economic tailspin.

Now, in asking me to accept a vice presidency and take over a program to attempt to get the crop loans back, I had already been out and gotten quite a few of them reestablished in my work over in Berkeley. I started right in, and we took 104 loans away that had applied for loans through the Production Credit at Stockton at one bank. There were so many of the bank managers in the Bank of America that had been burned up very badly for making bad loans on agricultural property that there was considerable resistance to taking it on. When "A.P." [Giannini] made his summer trip into the northern Sacramento Valley, these managers with their literature and budget (you control production always by budgets despite all of the hope on our part that they would go ahead) put up so much of a protest that he wired the main office and stopped the program temporarily.

Teiser: This was shortly after you went with the bank?

Critchfield: Shortly after I went with them. I had never met him at that time, and Mario was in the hospital for a long time then. Mr. Will [F.] Morrish of Berkeley, who had been head of the First National Bank of Berkeley, and A.P. didn't jive--they didn't get along very well; it wasn't very long before he [Morrish] was out.* A.P. looked upon this as a

*See also references to Morrish in: Marquis and Bessie R. James, Biography of a Bank. New York: Harper & Brothers, 1954.

Critchfield: Morrish program and didn't know that his son [L.M.] and Carl Wente had it as their program. Here I was in a strange atmosphere. Anyway, it delayed their getting back into that field.

They could have headed off Production Credit, because the men that I had working for me in the Regional in the R.F.C. program later became managers of the Production Credit for the Marysville district and other districts, and they knew their stuff. In fact, we tried to hire some of them for the bank, but there was a tendency for people to look upon the bank as a good time deal when things were good, but when they were tough they don't stay with you. There was that. That was true in the winery business.

Before Carl Wente went to Nevada* there began to be an undercurrent of criticisms of the quality of the wines of California. There were some good ones. The Wentes put out good wine; Beaulieu did; California Grape Products--little Horace Lanza and Harry Baccigaluppi--had a very nice winery up at Ukiah, and they put out good wines. In the summer of '36 when the bankers from all over the United States and Mexico and Canada were here at the national convention, I was on a committee of four or five men to lay out the program of entertainment--things we would do for the bankers. The fellows had two ideas; one was to give them an airplane ride around the city (they had leased a TWA plane) and an orchid for the women at the grand ball.

I said, "I've been thinking of an idea, and I think it would be good. We'll get out a little carton of wine, good quality, a sauterne type, a Beaulieu Cabernet, and a bulk-process champagne from the Padre Winery down at Cucamonga, and Wente's." The California Grape Products--that was Lanza's group--submitted a burgundy from up there. I suggested this idea. I said, "We can get this wine at wholesale price. Let's go and talk to A.P." Three or four of us went over and outlined our plan.

A.P. said to me, "Burke, can you get good enough wine?" I said, "Here's my idea of doing it. I'll get samples from our customers mainly, but in a few cases we'll give non-customers a chance. I'll get them to submit samples and I will get Edmund [A.]

*He became president of the First National Bank of Nevada on June 16, 1934.

Critchfield: Rossi and A.R. Morrow and Lee Jones and one or two others to put them into six ounce containers with no label on them except a number." Fruit Industries had an awful time getting us to accept a wine that their Mr. Morrow would pass!

Teiser: Oh really? [Laughter]

Critchfield: Yes. I think we got a sherry from them finally, but it was fair, just fair. Beaulieu had a very fine Cabernet. The sauternes that the Wentes bottled were good, and they had a little bottle of champagne that was bulk-process. So, A.P. said, "Go ahead." They got an engraved card, he [A.P.] and Mario included that they had personally inspected this wine, so it had to be good.

To start with, I think we got out 6,000 packages. We used the bank across from the Palace [Hotel]; the basement was quite empty at the time, and this took carloads of wine. We took big shipments. I got lots of help from the clerks who helped repack it, and Time magazine came out right after the convention reporting that "A.P. and L.M. Giannini stole the show with their personally selected boxes of wine." They told about the bankers leaving their hotels with a box of wine under their arm and the porter carrying their wife's mink coat. It was a fact. Time gave us a real good write-up on it.

It then became so popular that everybody around the bank wanted a few packages, so I guess I got out another four or five thousand cases. It was getting along towards the fall then, and I was still getting out the wine. Everybody wanted wine and they knew that I could get good wines.

Teiser: There was a lot of poor wine around then, wasn't there?

Critchfield: Oh, that was it. Carl said before he left for Reno, "Burke, take a hold of this wine deal and see what can be done." Now the Wentes have always put out good quality, and Beaulieu has put out a good quality of wine. Some of the others were sort of in a different class.

THE PRORATE AND OTHER INDUSTRY PROGRAMS

- Critchfield: Everyone was trying to get into the wine business, and the hard liquor people were looking at it as a place to make money, and some of them got in and then out again. In the meantime we had put the prorated law through the legislature and it passed.
- Teiser: How did you do it? Did it take a lot of politicking?
- Critchfield: No. It took some power of institutions.
- Teiser: You said it came from your idea?
- Critchfield: No, not the prorated idea. I had something to do with it because we had been doing the same thing with the Cannery League.
- Teiser: Whose idea was the prorated, do you think? Was it any one person's?
- Critchfield: I don't think it was a one-person deal. I tried to find out. The man who I recommended and whom we hired to run the brandy part of it--he was with the Growers Grape Products Association... You see, there was the California Grape Prorated that organized the prorating, and there was the Growers Grape Products Association that handled the brandy deal.
- Teiser: Were they both set up by a legislative act?
- Critchfield: No, I don't know as they were at the time. I don't think it was. You see, the prorated idea was far wider than grapes and wines or brandy. Anyway, we got the law passed. That wasn't hard to do, because we had some sick industries. In most of them the conditions surrounding production were quite standardized. If you got a good sentiment you could bring in the recalcitrants with a law. It took a law to do it, you see.

In the Cannery League operation it was a matter of the canners and processors putting up the money, and you always had recalcitrants. There were some times when a little group with the big guys had to go in and put the money up for someone who had sold out their production. Anyway,

Critchfield: here we are with an industry now that's beginning to show a little life. There's some improvement in production, not too much. We get over well into the 'thirties, and quite a lot of new wineries started. In those days, one of their big problems (keep this in mind) was that they had to get a bond and submit a bond for their federal taxes. This eventually was abolished. They don't have to do that today. And that made it tough for the small ones.

Teiser: Was it a big bond?

Critchfield: Quite a big bond.

Teiser: You were saying that the wineries at first had to put up a bond, and then they no longer did?

Critchfield: In the early days, yes. A bond to protect the cost of the tax stamps. Now, I think, later on they were able to change that and pay their taxes as they sold the wine. I don't think it's a big factor now.

Teiser: I see.

Critchfield: Now we get over into '37 and '38. We begin to accumulate a lot of wine, a considerable supply, and a lot of it of mediocre quality. Wine prices went down. The demand was not keeping pace with production and with supply. There is one point I should make right now: the wineries were looked upon as the dumping ground for the cull grapes.

The cull table grapes, or the oversupply if there was an excess, or the raisin grapes that are not put on trays. Lots of this was used; lots of those grapes were used in those earlier days, and they didn't have to build up these surpluses. Today they are still used; they are still all right. Now we come up to the point of the spring of '38 with a big crop on the vines, with the wineries quite full, and the wineries in general, especially those in the Lodi and Fresno areas, considering that they should make use of the prorate law and divert a substantial tonnage of grapes into brandy to hold it until it could be sold that way. Even if it didn't make anything, it would take it out of the supply... In those days there could be a tendency for a good crop [one year] and the next

Critchfield: year a poor crop. So we figured (it was '38), we got a big crop coming on now, and if we can divert half a million tons to brandy, that way you'd get rid of the table grape culls and the Thompson Seedless. The Thompson Seedless is what you found as the troublemaker, you see,

Now, to the growers in this northern area this didn't sound good.

Teiser: Because their grapes were good quality?

Critchfield: Well, they were mostly of good quality.

Teiser: Why didn't they like it?

Critchfield: Well, because their yield was so small. The price of table wines had gone down. They were eleven cents, twelve cents or even fifteen cents. Now the bank had quite a lot to do with this. These things we kept very close track of. That's a lot of years back. Well, we did a lot through our branch managers to try to quiet down these northern growers.

Teiser: I remember Mr. Lanza was one of those who objected, wasn't he?*

Critchfield: Yes, he was, although they had an operation down in the San Joaquin Valley also. I've forgotten whether we got the prorate started before we got the money commitment, because it took a lot of money to divert half a million tons of grapes into brandy. Anyway, we supported it strongly. I held lots of meetings, especially in the bad areas. There were no problems in Lodi nor in San Joaquin, and not too much in the south, because they were making some brandy. But up here there were not many stills, you see. The Beringers** had a still and were making some brandy and selling some brandy, and one other outfit over in Sonoma County. You took your life in your hands when you came up here to hold a meeting of the growers. It was tough,

*See Horace O. Lanza, California Grape Products and Other Wine Enterprises, an interview completed in 1971 by the Regional Oral History Office.

**Beringer Bros.

Critchfield: but we had certain key men that we knew personally.

Teiser: Who were they?

Critchfield: Well, there was Chapin Tubbs, who had the winery up at the head of this valley and whose beautiful home has since burned down. He was a member of the cordage family.* There was also Walter Fink, over at Cloverdale, and half a dozen other men over there. When we got into that stabilization of the movement, we used to buy their wines, or we used to have them make wine for C.C.W.

Teiser: Central California Wineries, that is?

Critchfield: Yes. Now, in the meantime, the raisin people were faced with tremendous holdovers of inventories, and they were struggling for action. In Washington, two of my associates from the University of Minnesota were very important men in handling those marketing programs, and I used to review my problems with them. They gave them a loan for raisins in '37, but in '38, that was a tough one. It looked as if everything was going by the board. But the industry met--the grape growers and the wineries and the raisin people, at the Palace Hotel for two or three days.

Teiser: Was Mr. A. Setrakian involved in this, "Socks" Setrakian?

Critchfield: He undoubtedly talked loud and long, but I don't think that he was a big factor in it. I'm not sure whether he opposed it or not. But if he did, in those days we were able to move regardless of what Socks wanted to do. Have you interviewed him yet?

Teiser: I've talked to him. I'm going to interview him.

Critchfield: Well, they met there and came to us for financing. They had sent a committee to Washington, and Henry Wallace was opposed to loaning money to the wine industry, so they had to come back.

*Tubbs Cordage Co., San Francisco.

Teiser: He didn't believe in drinking, did he?

Critchfield: No, Henry didn't. He probably did before he died; he might have changed his mind; a lot of people did. The Mormons are a good example. Lots of good Mormon people that never drank wine or had anything to do with liquor changed their minds. So the wine people met, and this prorate was right in the midst of this. So we said, "If you will put on a drive and get the prorate and get the Institute going..."

Teiser: The Wine Institute?

Critchfield: Yes. We had to virtually go out and knock over some of those Italian wineries. If I couldn't do it, I'd ask A.P. and he'd call the manager himself and tell him. When we did that we'd get them. When A.P. would say something.

Teiser: I never heard that A.P. Giannini played a part in the Wine Institute.

Critchfield: Oh, to be sure, and every move we made he was sitting in on the sidelines. So we said, "If you'll set up a substantial advertising program and do these various things, we will ask Jesse Jones* to participate with us in a loan for the conversion of half a million tons of grapes prorated by the growers, and we'll carry the heavy load of financing it." The R.F.C. were only in a part of these deals. Well, they had quite a lot of long sessions there which I sat in on, of course.

Teiser: Who were "they," the R.F.C.?

Critchfield: No, the industry--the wineries, the leading growers, the raisin people. Now, people like the Wentes weren't interested particularly in the prorate. They rode along.

I had forgotten. Did you hear anybody talk about prorate certificates?

Teiser: No.

*Chairman of the Reconstruction Finance Corporation, 1933-1939.

- Critchfield: I think in this northern area that they did let them buy some certificates, some tonnage down in the valleys and substitute it.
- Teiser: What do you mean? Will you explain that?
- Critchfield: Suppose you've got a hundred tons and you're willing to be prorated at 37 per cent. Your 37 tons could buy a certificate from somebody for the proper tonnage so that you could crush your total grape tonnage. The man that I selected and put in to run this prorate lives here in St. Helena, Andy Frericks,* but Andy told me this morning that he couldn't remember. He can't remember how many tons were crushed. He was a wine chemist.
- Teiser: And he was in charge of...
- Critchfield: The brandy. He worked for the Growers Grape Products Association. Now, the figures on all of these things are in the State Department of Agriculture or the [Wine] Institute.
- Teiser: Let me ask you a question in relation to these certificates that you speak of. Someone mentioned the fact that some winemakers can get more wine out of a given quantity of grapes, so that there was some variation, and that somewhere in this, Earl Warren, who was then Attorney General of California, stepped in as Attorney General and gummed up something. Do you remember this? Did he interfere in any way with the prorate?
- Critchfield: Well, I asked Andy how many suits were filed against the prorate, mainly in this northern country in these three counties--Napa, Sonoma, and Mendocino--and he said over forty suits as he remembers. I think the lawyer is now dead, Bill Voechel of Agnew and Voechel. They were attorneys for R.F.C. among other things. Well, I was constantly talking to A.P. at that time. In the summers he used to go down and stay a couple of months in L.A. at the Biltmore, and I would talk to him sometimes every night as to how things were getting along, so he would talk to Jesse Jones. You know who Jesse Jones was?
- Teiser: Chairman of the R.F.C., wasn't he?

*Andrew G. Frericks

Critchfield: Yes, that's right. And he'd opened this subject up, see. Of course they left it up to us to name the conditions, and then A.P. approved it. So it looked as if we were going to hatch out an egg; it looked as if they were going to meet our conditions, which was a substantial advertising program set up so that it would continue, which they have done, to get the prorated vote over, to get the vintners all in the Institute, and we helped them do it. When they finally voted on it unanimously or practically unanimously, I had a plane reservation waiting for me and I flew down to L.A. that evening. They insisted on a couple men going down with me. They were not vintners either; they were growers, one Fresno district and one Lodi.

Teiser: Who were they?

Critchfield: Did you ever hear of the name Lescher?

Teiser: Yes.

Critchfield: [Edwin] Lescher and somebody else. They insisted on somebody going along. So A.P. knew I was coming, and when I got down I called his room and I went right up. And he said, "Give me this picture again, because then I'm going to call Jesse. Jesse's going to be available to me to call him." This was early evening, you see. I don't think I spent over fifteen minutes with him. If you couldn't tell A.P. what you had in mind in say, five or ten minutes, he figured you hadn't got your lesson learned very well.

So he said, "I've got a reservation for you on that plane and a taxi waiting downstairs to take you out to the airport and go right back, because you've got to be at the bank at seven o'clock in the morning, and the general finance committee is going to have to pass a resolution on this which will have to go over to R.F.C."

In the meantime Jesse Jones was waiting in Washington for it to go through. It was just a question of making the gestures, which you had to do. So I came down to these guys and said, "Fellows, we've got a taxi waiting to take us to the airport. We're going back. I've got A.P.'s telegram

Critchfield: [directions]." Jesse Jones had his board together. And so we put that over, the stabilization program.

WINERY FINANCING

Critchfield: At that time the Bank of America was financing all except a few wineries that needed financing. One of them was the Gallo boys* that had been more or less kicked out of the Bank of America. They had good security besides their wine business, but (I'll give you a little gossip) we had a vice president there who was the vice chairman of the loan committee of the credit department of the bank who was a partner in the Italian Swiss Colony. There were the two Rossi boys,** [A.E.] Sbarboro, and the man that died up there who lived near the winery and was an active member up there, [Enrico] Prati. Now Prati was a great help to me in working out these various programs. He was excellent. I'd go up and spend a Sunday with him. But the Rossi boys and Sbarboro kept thinking of a California Wine Association. Do you remember how the business was run here before Prohibition? The California Wine Association was the big factor.

Teiser: Yes. Sbarboro's father had started Italian Swiss Colony, hadn't he?

Critchfield: That's right. He and I think the father of the Rossis.

Teiser: P.C. Rossi, I believe.

Critchfield: Yes. Well, he was critical of my endeavors to keep the little wineries alive. And when I finally had my showdown with him, I licked him. And if I had stayed there we might not have been a lot of this great consolidation. We'd still have kept a lot of small wineries alive.

Teiser: Where did the Gallo boys stand in all of this?

Critchfield: Well, they had lots of Bank of America stock, as I remember, Transamerica was what they held in those days, and used in getting finance from year to year for their wine business.

*Ernest and Julio Gallo

**Edmund A. and Robert D. Rossi

- Critchfield: Why, Sbarboro was sitting there and took the position, "Well, these people are just newcomers in the business; why, we won't finance them."
- Teiser: Oh. He was thinking in terms of a monopoly in effect, like the California Wine Association had had?
- Critchfield: Yes, a California Wine Association monopoly. There was a time there when Mario was sick, A.P. was away, and a resolution was passed and I was advised that I couldn't go out and leave the city on any kind of work without approval of the general finance committee. You know what that did for me. Of course I'll tell you then that the next chapter is that stabilization movement that I developed.
- Teiser: Let me go back. I keep interrupting you when you're about to talk about the Gallos. They owned Transamerica stock at that time?
- Critchfield: They had a good background, and I know the man that advised them to go over to Capital National. That was run by ex-Lieutenant Governor Alden Anderson. That was his bank in Sacramento. And the man that sent the Gallo boys over there, or sent Ernie over, was a good personal friend of mine.
- Teiser: Sbarboro was the one who blocked their Bank of America connection?
- Critchfield: Well, he's still alive, you see. He's 93 years old and still on the board of the bank. The Sbarboros had a lot of land in Marin County, very valuable land up there.
- Now you can get the figures on the prorate.
- Teiser: Let me ask you another thing about it. You said that brandy was set aside, but wasn't there also neutral spirits made?
- Critchfield: You mean high-proof. Oh, they made some of it in high-proof, but not much. It was mostly made into potable brandy.
- Teiser: You said that you asked Mr. Prati's help and got it.

Critchfield: Yes. There was in this table wine business quite a lot of support, but there were also forty or fifty suits filed, and Voechel handled those, Andy told me. But they didn't sustain themselves. The law was in pretty good shape. Well, then we put it into operation, expecting to have almost half a million tons. As I remember the figures, we crushed for brandy and put into the brandy pool about 387,000 tons, not expecting to get any return from the growers, or at least a very minimum of a few dollars. But it paid out very near twenty dollars a ton to them, which was a lot of money to the growers in those days, because we were on a different price level then, you know.

Well, we thought that would stabilize the business for that year and for several years by taking that loan of raw material out of the way, you see. We got a pretty good price for the rest of their grapes that they were selling to the wineries, or making wine and selling wine in co-ops. The co-op movement was just underway and in pretty good shape. Well, they fertilized and took good care of their vineyards and got a big tonnage. And the next year we had a crop that was tremendous. And as the marketing season approached, we realized that it was going to be a debacle, a much worse debacle than the year before. I mean we at the bank, those of us who were close to it.

The Gianninis were very much interested in these industry moves. It was easier to get a ten million dollar loan or financing arranged than it was to borrow for a taxi fare. As the season began to get on towards where they were shipping plenty of table grapes, it was apparent that we were going to have an awful crop of wine grapes and a lot of raisin Thompsons dumped into the industry. We measured that by the fact that the wineries started to go into bankruptcy or to be close to it. The Security First National of Los Angeles had one account up in Tulare--they had the Giannini winery* there, a big operation. It was too bad Russell died, who was attorney for them and an officer of the winery, and I put him in as president of the C.C.W....

Teiser: Who was he?

*The Tulare Winery Company. See p. 24.

Critchfield: Calvin Russell. He died a few years after that. But he would have been a great source of information for you on the stabilization moves and the problems of the winery. They [the Giannini winery] were notified just before the crush started that the bank would not finance them any longer with a winery that was making several million gallons of wine a year.

Teiser: Was this Frank Giannini's* winery?

Critchfield: Yes, Frank's. Did you ever meet Lagomarsino, the son-in-law who was running the farms? They sold the winery eventually, but he runs the farms.

Teiser: The bank told him it was pulling out?

Critchfield: I got a call from Calvin Russell and old Frank and Fred Lagomarsino who were together from down there. They were crying. The bank adjuster from Fresno had been down to give them this bad news, and it was just like a funeral. They were Italians, but they were not Catholic Italians. Frank Giannini was an Italian Mason, and he was a little stout, fussy little guy, had built up quite an institution, and the old man, A.P., didn't have any time for him. So that would have been a handicap to have got them in. But they called me and told me what had happened and said, "Can you come down?" [It was] Saturday afternoon, and I got a plane to Fresno and went down, knowing what I was going to be asked to do.

We had a manager there at Fresno who had been with us a heck of a long time, his name was Ralph [S.] Heaton, and I said to them, "You go in to Heaton, but don't tell him that I suggested it or that you even spoke to me about it. Throw yourself on his shoulder and make him the big guy, and I'll grease the way as much as I can at head office." We worked out a financing arrangement for them.

Did you hear of Louis Cribari's work? The Cribaris of San Jose? Well, the chairman of the general finance committee of the bank during those years I was there was this former banker from San

*This family was not related to the A.P. Giannini family.

Critchfield: Jose. Something had happened and he didn't like the Cribaris and kicked them out. They were old-time friends of the Gianninis. So when we were in New York once, we went over to their winery to a little affair. He [A.P.] thought a great deal of Angelo [Cribari], who was in New York. They had a big New York distribution.

Teiser: They had a storage depot there?

Critchfield: Yes, and a big distribution out of New York. And the smartest brother was there. But they were all smart enough. Well, A.P. found out that they were not in the bank. Angelo told him and said that he and [William E.] Blauer had had a set-to, a disagreement, and he was over in the other bank. So A.P. informed me a week or two later when he found this out and sent me word, he said, "You get ahold of Frank Mitchell" (who was our San Jose top vice president and more or less the dean of the Bank of America managers within fifty miles or so) "and get that Cribari account back in the bank." Of course Frank told me what had happened and he said, "If that's the orders from the old man, let's just get out and do it."

So we went to work and analyzed the assets and what we needed to safeguard a loan from them and to finance them and got ready and brought it in and presented it to the general finance committee, that had to pass on those big credits at that time. The committee still does to some extent. We were not received with open arms but with growls. We didn't tell them any background because we didn't want to show our hand. If we had said to Mr. Blauer that this was A.P.'s order that the account was to come back, I would have been treated worse than I was, see. I was a bad boy always at starting these deals. But of course they just wouldn't listen to it.

He [Blauer] said, "I'm being insulted. I ought to know whether that account was worthwhile or not." So we didn't tell him why we were there with it, but I sent word to our vice president in New York who was very close to A.P. and the family and told him what had happened. The phones got busy and before long we got a request to come back in with this account, and we took it on again. Now

Critchfield: that was one of the things. You have to say this: during those years the Bank of America was just an institution, you see, it wasn't a well-organized, smooth-running deal. Today it is very smooth running. But the Gianninis were wonderful to work with, except that when anything happened and they went away you got nailed to the cross.

THE PRORATE AND CENTRAL CALIFORNIA WINERIES

Critchfield: What more would you want to know about the prorate?

Teiser: It worked, is that right?

Critchfield: It worked in very good shape, and it did a fine, wonderful job. It would have been a debacle in a hundred communities of California, and the Gianninis recognized it. We put up the money, of course, underwritten up to maybe 50 per cent by R.F.C. And Mr. Jones would come out every summer and A.P. would get me to tell him the status of it. This was when it was working and the brandy pool was developing.

Teiser: It was only formally on for one year, was it, 1938-'39?

Critchfield: That was all, just the one season.

Teiser: But you had to watch the brandy afterward?

Critchfield: Yes. I made the deals for the barrels and the containers.

Teiser: Do I remember that much of that brandy went to the Christian Brothers?

Critchfield: No. A considerable amount was sold to Schenley.

Teiser: What did they use it for?

Critchfield: They sold it under their label.

Teiser: For brandy, not for blending?

Critchfield: Yes. It helped a little. And then some of the wineries bought their own brandy, like Community

Critchfield: bought theirs. Another lot was Serramonte; that was East Side Growers,*the big co-op there. We bought Serramonte by the case; that was one of the best brandies. You see, this friend of mine knew his brandies and was a good chemist.

Teiser: Who was he?

Critchfield: Andrew G. Frericks. He was manager of Growers' Grape Products Association. He lives up here now; he's losing his sight a little, and he's not as old as I am but he's beginning to show his age a little.

Teiser: Was Mr. Walter Taylor of Fruit Industries involved in the prorate?

Critchfield: Walter was involved in the prorate; Walter was not too enthusiastic, but they cooperated. You see, they had as members, supporting wineries. Community** was the one we took away from the bank of Co-ops. That was their biggest operation. And then they had Perelli-Minetti*** down in Kern County, and they had a winery there at Fresno; they had one over here at Fulton, the Fulton Co-op, and they had the big Guasti plant in southern California.

They had big inventories too, and they wanted anything that could be done to help them. Here we were then, with a good operation. We felt proud of what we had done at the bank even if we had to knock a few men on the knuckles hard. I can remember these northern fellows coming down--not this county, but the Mendocino group and Sonoma group--grape growers with winery connections, and pleading to get the bank to reverse its position. Of course they didn't get anywhere because the bank was more interested in the stabilization move than they were in their pleas.

Teiser: Then after that was completed you set up Central California Wineries, as that right?

Critchfield: Yes, in August a year later, August of 1939. The wineries during the two or three months preceding were trying to get their bonds renewed and having to put in their homes and everything else to underwrite, and no assurance from the bank of financing to a reasonable extent. Suddenly I

*East Side Winery

**Community Grape Corporation. See Interview History, pp. viii-x.

***A. Perelli-Minetti & Sons

Critchfield: found out that a commitment had been made to Bisceglia Brothers for picking charges, which were about four dollars a ton. They had submitted an idea to the bank of making that advance and then agreeing that out of the proceeds of the sale of the wine they would contribute to the grower what they could afford to pay him. He still had a residuary interest in it, with that type of operators. They had gone through bankruptcy. They owned Greystone [winery], and that was their northern operation. They had a plant at San Jose there which had gotten in bad shape; I don't know whether that burned down. They had leased a plant down east of Fresno and moved down there, and this commitment was made. Louis Martini was buying some grapes at six dollars; it looked as if that might be the price--six dollars a ton. And Roma, John Cella,* were offering about six dollars and getting some grapes. That made a debacle in a hundred communities in California.

Teiser: This was when Louis Martini was still in Kingsburg?

Critchfield: Yes. We didn't buy that [the L.M. Martini Winery at Kingsburg] for a couple years after that though. Tulare Winery [of Frank Giannini] hadn't been thrown out of Security First National yet, but they were worried. They were thrown out two or three weeks later.

So Giannini and Russell and Fred Lagomarsino used to come up once a week or so and call me and tell me they were coming the next morning, and to meet them for breakfast at the Sutter Hotel or somewhere. We were working on various plans. I had been trying to solve this, to figure what could we do with an industry that was so sick that 40 per cent of it was pretty near in a bankrupt stage at that time. When this was happening, your left hand didn't know what your right hand was doing or vice-versa. So I had this plan of operation pretty well in my mind by that time. I wasn't being allowed to talk to winery groups as a whole. They had me muzzled by this time. So Frericks called me one day and said, "The group have gone home. They've had a meeting and they've given up many ideas of what to do." Everybody was trying to figure out plans of stabilization.

*John Battista Cella

Teiser: Was this a formal group or just a bunch of people who got together?

Critchfield: Well, this was growers, I think. This was the same group that were running the Growers Grape Products Association, that owned a doubtful residual in the brandy. Well, he said, "They've had their last meeting, and they've decided that there's nothing that can be done. They've just got to let the tail go with the hide."

So I said, "Well, all right Andy, let's you and I have lunch together and I'll give you my ideas now." Andy and I used to lunch together quite a little because I wanted to know the moves that were being made. So we went over to a Chinese restaurant--I'd give a lot of money if we had that tablecloth that I diagrammed this program on, because we drew it up that way. There were a whole lot of questions as to what you could do legally. So I laid out the program as a legal entity, but instead of a group of individual growers trying to be developed, a non-profit cooperative of processors, part of which were co-ops or individuals like the Gianninis crushing their own grapes. The market for wine was very low. For the fortified wines it was around 22 to 24 cents. Most of them were our customers at the bank. And the dry wines were from 11 to 15 cents.

Now, a non-profit cooperative of institutions, of processors, many of them grower processors. In the meantime, the raisin people were trying to get a loan from the government, and they were turned down because there was such chaos in the industry. They hadn't started then, I don't believe, to put the grapes on trays, but they knew that if nothing was done with the wine business what with the prospects were, that there would be a great oversupply of raisins, and the government didn't want to be involved in another long-time loan. They'd gone through it, you know, a romance, a long series of projects in the raisin business, including some shooting too, if you go back and look up the history.

Well, I went down [to Tulare] on a weekend and the Gianninis, Frank, and Cal Russell and Fred met me, and on Sunday I laid this plan out to them.

- Critchfield: Andy agreed with me that it was workable and in his opinion was legal and would not get us into a suit with the government. Now it was hinged to an agreement with the bank that they would finance it. The cooperative, the C.C.W., was to purchase the wine knowing that there would be a lot of wineries flocking into it; purchase the wine outright--take title to the wine--and we would give them a carrying charge sufficient to keep their wineries so that they would be taking proper care of the wine during such processing on it as our production manager would indicate necessary.
- Teiser: Each winery would store its own wine?
- Critchfield: Each would store its own wine to the extent that they could.
- Teiser: Who was your processing manager?
- Critchfield: We took on Allen Dunning, who was at that time running the big winery for Di Giorgio. Now, C.C.W. would buy the grapes from the growers and pay them cash and make new wine to the extent that grapes were available and that storage was available. That was one of the reasons we bought the Martini winery the next year. And C.C.W. would not be a Fruit Industries selling organization but would sell at wholesale to the large wineries that were outside that were financible [financially sound] enough, that had merchandising outfits and that were good merchandisers.
- Teiser: Like what?
- Critchfield: Like Roma, Italian Swiss.
- Teiser: Did you sell any to Gallo?
- Critchfield: No, Gallo wasn't operating big enough then. If it had been now and Gallo was operating as it is, he could have taken all of it. He's a good operator,* a fine operator. I don't know as we offered Gallo an opportunity to sign a marketing contract with us.

In the meantime, we had key growers in almost every community that had a lot of grapes, where they sold them, pass the word around that there was a big deal developing with the bank behind it. And

*Ernest Gallo

Critchfield: they were the kind of men who told their friends that, and it spread, and we stopped the selling of grapes, which was essential to this move. We went to work. There was a good attorney there in Fresno who since has died, Mount [K.] Wild. And Calvin Russell and I talked Mount into joining us in the preparation of the documentation. The documentation was a very difficult one, you see, to get these thoughts and the whole structure as I had laid it out. And we worked night and day there for three weeks or so and developed the documentation. We tried out the marketing contract on such fellows as Rossi and a few others.

A CRISIS IN EVENTS

Critchfield: Now by this time I had the complete confidence and backing of the Gianninis [the Frank Giannini group]. I had been down to Fresno and Tulare once, but this man [Ralph S.] Heaton didn't like me. I was messing with his wine business. He always had some new idea which was no good. A lot of people you admire for certain reasons, but you know that consistently they're not thinking soundly, not thinking through what's legal--what can legally be done and what can't be done.... Well, I got back on Monday morning and was walking into the bank where we hung up our coats, and Mr. Sbarboro said, "You're trying to save the wine business again, are you?"

Well, I said, "Why?"

"Why," he said, "you were down in Fresno this weekend." Then I knew that Heaton had called him.

He said, "I thought we told you you couldn't manipulate things like that."

I said, "Mr. Sbarboro, I'm going to tell you once, and this will be the last time I'll probably ever speak to you: I am being paid for what I was hired to do here at this bank, and I'm not going to listen to what you tell me that I can or can't do. I'm going up to get my personal papers out of my file and put my coat on and walk out of here."

Critchfield: I went back to my desk, which was always back of his, got my papers out, called my girl down and asked her to bring my files down, the papers that I wanted. And I took my personal papers and walked out.

Then I went over to California Lands. Do you remember who they were?

Teiser: No.

Critchfield: This was the strategic move that I made, you see. California Lands was a corporation in which title to all the farmland that Bank of America would take in would be placed, and they would manage them until they sold them. The bank had another one, Capital Company, that took their urban properties that they took in.

Well, Ed [E.D.] Woodruff, the president of this corporation, was a good friend of mine, and I told him, "Ed, I'm finally leaving the bank. I've put up with all of these disturbing and unsatisfactory conditions over there to which I've been subjected for quite a while, and I'm going to leave now and I thought I'd tell you why." They had about forty or fifty thousand tons of grapes coming in. They generally sold to Roma; that was to Cella, who was quite a close friend of the Gianninis over a period of years, big customers of the bank, and they got a good price there.

Teiser: California Lands held the grapes?

Critchfield: Yes; they were on the vines. They hadn't entered any negotiations or contracts. Now, you see, we were very careful. We hadn't announced anything yet; we hadn't done any sleuthing around yet. So he said, "You can't do it Burke. You gotta stay here. We're in a bad spot here with the tonnage we've got."

I said, "I went down there on my own expense on a weekend" (they didn't pay me for my [travel or overtime] time), "and I've been down there a couple times lately, and I've got half a dozen of those sick wineries that are willing to go along and be the nucleus of a stabilization move that I have worked out with them that has the possibilities

Critchfield: of stabilizing this deal and putting it on its feet. It would form a holding pool, but it wouldn't hold wine off the market." The marketing contracts that we had with what we called the "Big Five" stated that they agreed to take a certain percentage of that wine.

Teiser: The Big Five were these large companies?

Critchfield: Yes. Roma, Italian Swiss, Petri...

Teiser: Cresta Blanca?

Critchfield: No. We never got Cresta Blanca to move in with us. They always played a lone hand. They had not been sold then yet to the firm that bought them--Hiram Walker or Schenley.

Teiser: So you had Roma, Italian Swiss, Petri and two others.

Critchfield: We didn't do any business with Fruit Industries. There was a winery down south, Padre, run by Vai. You never met Jimmy Vai before he died, did you?

Teiser: No.

Critchfield: He was a charming man. He was one of those easy-going Italians that made money in spite of his habits of spending. Well, we documented this, and in the meantime we promoted it by word of mouth; no publicity. We got up to the point where those who were interested in getting a home [for their grapes] because they wouldn't have to put up any money for taxes, for bonds, or anything....

Let me go back to my leaving the bank and going over to California Lands. I talked to Ed Woodruff there for probably two or three hours. He said, "You've got to go back there and talk to somebody. Go back and talk to Mario."

I said, "The orders around the bank are that unless it's high rating business you're not to disturb L.M. He's recovering from his hospitalization." He was in and out of the hospitals a good deal.

"Well," he said, "talk to A.P. himself."

Critchfield: "No," I said, "I'm not going to talk to A.P. because I don't want to weaken my position with him. I've never had him turn me down on any proposition that I've put up to him, and I don't want to go in with a little matter like this."

"Well," he said, "who can you talk to?" I said, "Well, I'll talk to his wife's nephew, Renolds Barbieri." A very fine fellow, who had their ear.

Well, I went on back to the bank after Ed and I went out and got a little lunch. And I said, "Well, I'll go back and try."

He said, "This is serious enough now. I'm asking you as a personal favor. Go back over there. You've got to go to the top of the bank on this."

So I went back, and we were on the top floor, and as I got off the elevator L.M. was standing with his hat on and his coat, going out to lunch. It was probably two o'clock.

He said, "Burke, how are you? I'd like to have a good long talk with you about this grape deal. It's in bad shape, and we realize it."

"Well," I said, "I'd like to have a good talk with you, too, about it." And he said, "I'll be back in twenty minutes or so from my lunch. I'll just go downstairs here."

So he came back, and I said, "I'd like to talk to you and your father. This deal is in the worst shape it's ever been since I've been over here, and you should know it, you should realize it, you should be aware of the fact." So when he came back after lunch he called his father, and we went into his office. He was the only one that used a private office, and so we went into his little office.

I said, "Well, I'm going to talk to you from the standpoint, not as an employee. I picked up my papers this morning, and as I have a considerable number of shares of stock, and I'm going to talk to you as someone who has an interest in the

Critchfield: business. Some of the things I'm going to say you're not going to like. You'll have to sit there and take it if you want to know."

Of course they first wanted to know what was the prospect of the brandy pool. I told them, "It has a possible salvage value of a few dollars, but not very much. The wine business is in such shape that there's going to be a lot of brandy made, you see, and it's going to be competitive, and there won't be very much money in it." I said, "Well, to start out, I might just as well tell you one thing about what the people think. So many people in this state think that you folks have a personal interest in the wine business, that you're part of Petri Cigar Company* and Roma Wine, because you have extended a great deal of credit to them and they have grown up." The old man swore like a trooper. "We don't have a ----damn side interest or any other interest, except the customers!" Well, we got that all settled.

"Now," I said, "I've reached the point here where I've been trying to work out a program, but the conditions around here are such that I can't get any help. There's nobody I can talk to that has a friendly, constructive attitude." And I said, "You're facing a debacle. There's a lot of these wineries that are sitting there without any firm commitment from the bank except such outfits as Martini and Roma Wine or Petri's, who can undoubtedly borrow on their own. So," I said, "you've got a hundred communities here in California that are going to be sick, because six dollars a ton won't give them anything. The three dollars and a half advance for picking doesn't mean anything to them. You're going to have a lot of bankruptcies on your hands."

Then L.M. said, "What do you think can be done, Burke?" I outlined my plan to him, and he said, "I'll go along with you on that. Have you got it written up?" Now, this is during a conversation that lasted from about 2:30 or quarter to three until it was around seven o'clock.

Teiser: My word!

Critchfield: I could just imagine that Mr. Sbarboro was figuring that I was lashing at him. I never mentioned his

*The Petri Wine Company was for many years a subsidiary of the Petri Cigar Company.

Critchfield: name, never. After we got that operation underway I used to come up. I almost lived at Fresno, you see, in the hotel there. I'd come up and go to dinner with Mario and tell him, but he'd call me every day. He called me every day from the bank. They were vitally interested in this program. So A.P. said, "Burke, I don't know as I'd waste my time on them. They're just a bunch of bootleggers." That was his viewpoint on the wineries in general, except the Wentes. He knew they were doing a good job. He knew that we did a wonderful job when we put those wine packages out.

Teiser: Well, some of the people in the industry had a poor reputation.

Critchfield: Yes, there were ex-bootleggers.

C.C.W. OPERATIONS

Critchfield: Well, we got a good sign-up on that. We got about 40 per cent.

Teiser: Of what?

Critchfield: Of the wine in California.

Teiser: Did the Bank of America then lend you to this organization, in effect? How did it work?

Critchfield: They loaned me to the industry to run this business, still as a vice president of the bank, active in the bank, keeping my desk and secretary.

Teiser: But you were general manager of Central California Wineries?

Critchfield: That's right.

Teiser: I have a list of the winery members here.*

Critchfield: Let's see--Acampo, Alta, Bisceglia. Now, Bisceglias had been bankrupt when they couldn't get this three dollars and a half a ton [that had earlier been tentatively agreed upon]. They withdrew that right away.

Teiser: You mean the bank withdrew the three dollars and fifty cents?

Critchfield: Yes. Then, of course, Bisceglias were instructed to hunt me up and join this program. And they said, "What are we going to do for money for operating?" You know, to start a plant and get it ready. I said to Mario, "What are we going to do with Bisceglias for money?" He said, "You folks haven't got any money yet, but take care of them," (to me). So I loaned them two or three thousand dollars of my personal funds, knowing that he was in back of me, and got them started in Central Winery--that was where our operation was.

Teiser: Central Winery was your headquarters?

Critchfield: Yes. And we had this law firm who were next door to us. And right there where we discounted our paper we could start drawing all the money we wanted. Now, there are a few thing I must tell you. Let's see...[looking at list of C.C.W. members]** DaRoza...Sierra Vista--that was one

*Acampo Winery & Distilleries, Acampo; Alta Winery Winery & Distillery, Dinuba; Bisceglia Bros. Wine Co., Fresno and Reedley; Central Winery, Fresno, Kingsburg and St. Helena; Colonial Grape Products Company of California, Elk Grove; Crest View Winery, Fresno; Da Roza Winery, Lodi; Di Giorgio Fruit Corporation, San Francisco and Delano; Franzia Bros. Winery, Ripon; J. Frasinetti & Son, Florin; Fresno Winery, Fresno and Clovis; Italian Vineyard Company, Los Angeles and Guasti; E. Morello, Kerman; Mount Tivy Winery, Fresno; F. Pirrone & Sons Winery, Salida; St. George Winery, Fresno; San Joaquin Winery & Distillery, Fresno; Tulare Winery Company, Tulare; Village Winery, Escalon.

**See Appendix III.

Critchfield: of Di Giorgio's plants I think. We had to whip some of these boys into the project; Franzia was one of them. They didn't sell at low prices because they needed money, necessarily. They had their lands, a good big vineyard, and a winery was a new deal. Now, the Italian Vineyard Company, I think, bought some wine from us, the Guasti plant there. Mount Tivy. Pirrone.

Teiser: Mount Tivy was Lucius Powers'?

Critchfield: No. Mount Tivy was Fred Vieth. Fred Vieth was an accountant who was made president of that firm. I think at one time the Powers were in it, but by that time they had no voice in it. This was quite a group.

Teiser: I should say so.

Critchfield: The Acampo [Winery] was the Mondavis. Mondavi* was one of the head men in Acampo. He was one of the active members, he and a man, Barengo, who was a distributor at Reno.

Teiser: I think Dino Barengo now heads that winery.

Critchfield: I think they bought out the rest of the fellows. We held them up by their shirttails, see; we held them up by the seat of their pants. They couldn't have operated at times there without that operation underway. Well, we got the deal going and financed it as I told you. The bank did all the financing. But we had the little Farmers and Merchants Bank at Lodi take a small part of it. And we tried to get Security in, but they dumped Tulare [Wine Company], so they were Bank of America customers.

We established a fifteen dollar price for grapes and made everybody pay it, and pay cash. Up to that time they would buy their grapes and give them an advance for picking and say, "Well, we can't give you any more now. We have to sell some wine." And so forth. It was a sick industry. And this was a stabilizer, because we put the financing into it--we'll say controlled financing--so we knew that the money we paid them under this contract was going where we expected it. We paid off their loans at the bank on money we borrowed from the bank, see; we paid off their loans so that

*Cesare Mondavi

Critchfield: they didn't owe the bank anything. Their statements looked much better. But they had no wine, nothing to sell.

Now, it wasn't long before some of the smaller wineries up around Lodi started to dump through brokers. There were three wineries there--Mokelumne and a number of small wineries. Mario and I talked this over every day, you see. He knew all of the operations. And I told him what was happening, and he said, "What do you want to do?" I said, "I want to go up there and buy their wine." He said, "Go ahead and draw on us. Draw on head office for the money." So I didn't ask the directors of C.C.W. if it was all right, because if I did the word would get out before you knew it. So I went up there and got ahold of those people and bought their wine at the price they were offering it out, in the lower twenties, and took all of it under control. We didn't have to worry about moving it right away, because I think at that time... We did eventually move some of it to Martini's and sold some directly from those wineries.

Teiser: The word got into the paper, then, did it?

Critchfield: Sure, it got into the paper. Then we came up here and bought up the wine of those wineries that I started to tell you about. Some of the names have got away from me. It was table wines over in Sonoma and here, and Chapin Tubbs' wine in this valley and the Tubbs output and four wineries' output. Eventually, see, we knew we would have to have a place to put it. So the bank had repossessed Greystone from the Bisceglias when they closed them out.

Teiser: The Bisceglias were closed out?

Critchfield: Oh, yes. They were closed out before they went to Fresno. And when I financed them down there they were closed out. They had some equipment, but not much. They built; they bounded back pretty fast, because you couldn't tell with some of those Italians whether they had a sock full of money put away somewhere even if they went bankrupt.

They built a big plant down there. I don't know how they've done lately. The first generation died, and then they got down to one man, Alphonse

Critchfield: down there, and three or four nephews. And then Alphonse died and the nephews ran the plant. They went into a non-alcoholic wine, or grape juice business, remember? They did it and lost their shirt. I think any of those deals where you're taking a grape juice of that type, that was potable, it was hard to sterilize it enough to avoid some trouble.

Now, as the next season came on, one winery was sold out from that group. We had a penalty clause. We had a provision that if they sold out they lost any interest in the assets, and they could get their wine back by paying their loan and a certain amount to cover the general organization expenses of getting it started and underway. Along came a man from Chicago with a letter from one of the Roosevelts addressed to A.P., but he was away somewhere and not available, and Mario was in the hospital, so I got word. When he got sick I was supposed to see Russell Smith. Russell Smith was directed to do what Mario would have done, see, and to keep the wolves off my back. This man came with a letter. This was after we had operated and bought the Martini plant and the Greystone.*

Teiser: How did Martini happen to sell his plant to you?

Critchfield: Martini had a small operation up here [in the Napa Valley], and he had a couple of partners in San Francisco, Sinsheimer. Did you ever hear of the Sintons or the Sinsheimers? They were big bean operators.**

Anyway, I think they wanted to get their money out, and Louis wanted to get up here. Our whole group didn't look upon that as too good a deal, see, but Di Giorgio*** was the fly in the ointment there. He was for taking over the brandy from the Grape Products Company, that C.C.W. take over the entire brandy pool.

*Both were bought in 1940.

**Bernard Sinsheimer was president of Sinsheimer & Company, grain and beans; Silas D. Sinton was with Sinsheimer & Company.

***Joseph Di Giorgio

Teiser: That C.C.W. do it, not that he do it?

Critchfield: No, no, that C.C.W. do it. We shouldn't have let Di Giorgio in. He was a bad actor. Di Giorgio is known for either running a thing or destroying, and he destroyed this. He broke it up.

Teiser: He did?

Critchfield: Yes. He was responsible. And I've seen him...he just had to complain to Mario right away that they were all going to go broke. And so Mario had him and his treasurer over and had me come up.

Teiser: Who was Di Giorgio's treasurer?

Critchfield: A man named Kelly, wasn't it? I can't remember, but he was a very astute fellow. He wasn't as mouthy as old Joe was. So they sat there and made their charges to Mario, again repeated what he had said. Old Joe did the talking; he didn't let anybody else talk. And I said, "That's a God damn lie, Mr. Di Giorgio, and you know it." And I looked him right in the eye. "Well," Mario said, "Well, Joe, get out of this. We'll finance your wine for you. Get out of this movement. You don't belong here. You're a bad actor." But this was his salvation; he could make all the punk wine he wanted to, and we had to take care of it. We sold it. We moved along. We'd realized that we had to have some storage at both ends of this business--up here for table wine, and down there for sweet wine, dessert wines as they're called.

Teiser: So that's why you bought Greystone?

Critchfield: That's why I bought Greystone. I think we paid the bank \$175,000 for Greystone.* They got out in good shape. That's a beautiful plant. I'd like to have had money enough at the time to have bought it. It's not a good money making plant unless you've got big operations like [Christian Brothers]. I don't think they've ever made any money operating that as a plant, but it's a good deal for them to popularize, and they retail a lot of wine out there.

Teiser: Do they?

*See Interview History, pp. xii-xiii and xvi-xvii.

Critchfield: Oh yes. Have you even been up here on a Sunday when these winery yards have been full?

Teiser: I haven't for a long time, but I have in the past.

Critchfield: It's worth coming up to see them.

Now, at this time I was getting pretty well played out, physically tired, didn't sleep very good. Mr. Di Giorgio was the cause of my losing interest in it. But along came Mr. Lou [Louis] Golan with this letter to the head of the bank from one of the Roosevelts, introducing him and saying that he had been sales manager for [Lewis S.] Rosenstiel of Schenley. And Louis was on his own now, apparently, or was representing Schenley, and he was going to take over the whole thing, lock stock and barrel, right away. And he did. So I was out then. I was ready to go back to the bank.

I went back to the bank and then took a long vacation. I've forgotten what I decided to do, but that was about the time I had that contract with the government.

Teiser: For the wheat bins?

Critchfield: For the grain bins, yes. I shipped about a train-load a day from six lumber mills that I didn't own but I had contracts with. That was a rabbit out of the hat.

Teiser: That was wonderful, yes.

Critchfield: Did you know who Louis [A.] Benoist was?

Teiser: Yes. He owned Almaden, didn't he?

Critchfield: Yes. He at one time was the so-called owner of Almaden. But Louis was the head of the Lawrence Warehouse Company, and when I was working on that grain bin deal I happened to tell Louis about it, because they had warehouses on a lot of lumber mills, and he wanted to get in on it. In fact I wasn't going to do any more than to submit the idea to someone and then get somebody to manufacture it. That's what I really did. Then my function was performed. Well, my mother was out that winter,

Critchfield: and I took her back in the spring, and I found out when I got to Denver and Kansas City that the greatest problem facing the nation was what to do with the grain crop, the wheat crop especially. So I stopped in at Senator [Arthur] Capper's office in Kansas City to see just how bad the situation was there. I hadn't been in touch too much with the East. I knew there was going to be a storage problem anyway with a big wheat crop. They told me that Senator Capper was devoting all of his time to it back there, and he was. He was on a committee with Secretary [Henry] Wallace [or the Department of Agriculture]. They were trying to find some idea that would work and give them storage buildings quick. I decided that I was the guy that could supply them.

Teiser: I'm going to make a note of that issue of the Pacific Rural Press. That'll tell quickly why they were there. It's the September 5, 1942, cover article.

ANTI-TRUST CHARGES

Teiser: I wanted to ask you about the suit against the wineries. How did it come up?

Critchfield: How did it develop. Well, Mario always considered this* a legal operation, not an extra-legal one, see. And he had a lot of trust in people, so he would call in Louis Petri and Cella and Vieth of Mount Tivey. Now, Vieth of Mount Tivey should have known better. But Russell wouldn't go, and we decided that neither of us would appear at such a meeting where they discussed prices. Neither of us ever sat in on a meeting where there were prices discussed, so our skirts were clean of price discussions. These men didn't have any background of laws, of what you could do and couldn't do, so one would go home and sit down and write to his sales manager, "I just came from a meeting. So-and-so and so-and-so was there, and we all agreed that we would hold for 28 or 29 or 31 cents for such-and-such. Now you can go ahead and with certain of your customers and shade that a little." Which was typical Italian, see.

*Central California Wineries

Critchfield: How did this come out? Because the government subpoenaed all of their records of all this group.* Before long we heard that a grand jury had been called to investigate the activity of the Bank of America and a few other banks and the wineries in fixing prices, anti-trust violation. Well, I had kept in touch with my two classmates in Washington in the Department of Agriculture that were working on that raisin deal. I used to call them up sometimes three or four times a week, because I discussed certain phases with them. I had to have counsel, see, on some of these phases of the thing. How would you do this and keep from getting into Sherman Anti-Trust trouble, see? So I built up a background back there so that these boys knew everything about what we were doing.

And about the time we announced our buying of grapes for the co-op, this non-profit institution, why they came out and made the raisin loan. And one of those boys I had brought out to California for a couple of years as my assistant over in Sacramento--Ed Gaumnitz. He was very close to Wallace. He was on Wallace's strategic materials purchasing group.

Teiser: So the threat came?

Critchfield: Well anyway, it was decided to send Mount Wild back. By that time I was out, but I was closely in touch with what was going on, through the underground channels. So of course when the discussion was going on about Mount going back, I told him who to see. And when he got to a point where he needed to use those fellows, he could use them. So he was in Washington very nearly a month or so, and he got the California congressional delegation together and they had these experts from the Department of Agriculture over. Who was the great artist from Philadelphia--one of the family was Attorney General? A great artist family. He was Attorney General of the United States and little Joe was working for him in the Trust Department.

Teiser: Joe [Joseph L.] Alloto?

Critchfield: Yes. Joe thought he had a bear by the tail and was swinging it good and easy. And if you were to get the Examiners of that period, you would probably see where a telegram came from the Attorney General

*June 20, 1942. See Interview History, p. xiv.

Critchfield: of the United States to the grand jury telling them to lay off the wine business. He'd got to where they had had a meeting of the lawyers of all the people that are named in it and all the institutions. My lawyer was there, Dan Hadsell. He said it was one of the outstanding groups of lawyers ever to get together. I think there were probably a hundred lawyers. There were a lot of people named in that complaint.

Teiser: When was it filed? Do you remember?

Critchfield: I think it was 1942.

Teiser: And was it a federal case?

Critchfield: Yes, a federal grand jury.

Teiser: Was it filed in the San Francisco district?

Critchfield: Yes, San Francisco.*

Now that was a good stabilizing move. That took the deal after prorate. Prorate temporized with it there for that one year, and if there hadn't been a big crop the next year and the next year... We had brought the price level up to where the growers could afford to give good tillage to their land and raise crops.

Teiser: Later your brandy was sold at a good profit, wasn't it?

Critchfield: Oh yes. The brandy was sold. Nothing was expected out of it, you see. It was sold and brought pretty near twenty dollars a ton.

Teiser: But it brought a good profit?

Critchfield: Yes, to the growers. The growers got that money.

Teiser: When did it sell? A good deal later, didn't it?

Critchfield: In the next five, six, seven years. You don't sell brandy much under five years old.

*See also Appendix I.

- Teiser: I have here a clipping from the San Francisco Chronicle of 1950, April 13th. The headline is "Tapp Asked About Wine Organization at T.A Hearing." At that time Jesse Tapp was asked about Central California Wineries and said that the winery organization was dissolved because it had the opportunity to dispose of the various wineries at profitable prices.
- Critchfield: Well, that's wrong, because they didn't own any wineries. Oh, those two wineries, the storage plants.
- Teiser: And he said the wineries were purchased by two large national distillery concerns.
- Critchfield: Well, one of them was Schenley, and...
- Teiser: National Distillers?
- Critchfield: National Distillers bought Shewan-Jones over at Lodi, and they also bought Italian Swiss Colony out. They are a little bit mixed up on what they're talking about there.*
- Teiser: But everything was disposed of, was it?
- Critchfield: Essentially it was Louis Golan who went in, and blew up in quite a short time. I don't know whether he thought he was going to sell it to Rosenstiel, but Louis was a fast operator. He offered me a big salary to come in with him, and Andy [Frericks] a big salary too, Andy was a wine chemist, a good wine man. He knew how to make it; he knew what was good. Well, Andy agreed that he would go with Gowan, and I was going back to the bank, at least temporarily. But the kind of work that I was doing, industry organizations, wasn't needed so much because we had a national program on where an agricultural industry could go in and organize under it and work under a national law and under the state laws. Well, I got busy on my grain bins at this time.
- Teiser: Well, you certainly did play an interesting part in stabilizing the industry. You had done what you intended to do.
- Critchfield: Yes, I did what I started out to do, and I went back to my desk in the bank. The Gianninis assured

*Schenley alone was the buyer. See Interview History, p. xvi.

Critchfield: me, with Mr. Sbarboro sitting there, that "We're going to run this; this isn't going to be an R.F.C. deal." Because when they had that deal with the R.F.C., they couldn't be keeping their finger on it like they did this, see. But in this one Mario knew what was going on every day. Well, he said, "Burke Critchfield is going to manage this deal, and he's going to do it as a vice president of this bank, an officer of this bank. He's done a fine job for us in the few years he's been here, and he's got a job for life." And that's what they thought about me.

Feiser: Let me go back and ask you a question. The Central California Wineries disposed of their properties. Was that because of the threat of anti-trust, or was it because prosperity had returned?

Critchfield: Oh no. Prosperity had returned, and the members wanted to get out. They didn't want to be hired men any longer, see. Stabilization had worked, and they wanted to make the money that they could make on their own.

I think it was an effective job. You had the top men of the largest bank in the world knowing what was being done and satisfied that it was going to be a good stabilization move. I needed friends here. Mario was in the hospital, so Russell Smith, his assistant and one of the top vice presidents there, was the man I was supposed to see when Mario was gone if I needed to knock anybody in the head or if I needed money. So Bill [William T.] Dunn came down, a nice-looking young fellow, and we [Central California Wineries] signed a lease for a floor of that bank, almost half a floor of that big bank. That was the Helm Building in Fresno. And then there was the question of where we would get the furniture. Well, I said, "Go up to Rucker-Fuller's; I know one of the vice presidents there and I'll tell him to get them for you." We made out a list. I said, "You know, Bill, what we need here now. It's going to be mostly accounting, see." It was an accounting job.

So he came up and reported to Smith, and Smith called me and said, "Who is going to pay for this?" I said, "Don't make me laugh, Russ. Get that furniture started down here as quick as you

Critchfield: can. We want to make a show of being in operation, see." That helped a lot. The psychology of how you do something is a very important thing. And I'm a promoter, you understand. You've talked to me long enough to know--I'm a promoter and I get somebody else to do lots of the work. But the psychology you use, and that was a well thought through deal. And we had the growers back of us.

WINE INSTITUTE PROGRAMS

Critchfield: Now, in the meantime, to get that advertising program we had to go out and virtually take a lot of those little Italian wineries. To get them in we had to say, "Mr. A.P. says you're to be in."

Teiser: This was with the Wine Institute, was it?

Critchfield: Yes. The Wine Institute had taken part in their advertising program and in any other moves that were made.

Teiser: Well, that's interesting. I know that Mr. Herman Wente and John Daniel Jr. worked hard getting it started.

Critchfield: Yes, but I did more than anybody else, without too much noise. I'll say that. I had the big stick, see; I knew how to wield a big stick. I didn't go personally down to Santa Clara County or any of these other sections and say, "You're going to come into the Wine Institute." I sent word to the [bank] manager, called the manager and told him or whoever was supervising their credit. I think it was a legitimate use of credit--of the power of credit extension.

So they've done a good advertising job, I think. Well, we put that over. Then Mario says, "Now who are you going to put in there to handle the advertising?" Well, I said, "What do you and A.P. think about it? Will you give me the right name?" Now, we could have put in the people who were handling the raisin deal, the orange deal--they were good friends of the bank--but we gave it to J. Walter Thompson [advertising agency]. We

Critchfield: had everybody submit a plan. When the board or committee were named to select the agency, we saw that the right men were put in there, enough of them so that we weren't outnumbered.

Teiser: Did you have anything to do with naming the people in the Wine Institute jobs too?

Critchfield: No, we did not. Harry [Caddow] had been with Conn. And I will say that they held their reins pretty tight, [Jefferson] Peyser and Caddow and [Leon] Adams, on that deal. I was surprised that they didn't attempt to name the agency then. We didn't tell them that we were going to do it, but we did it. J. Walter Thompson at that time was a good friend of A.P.'s and a good friend of the bank and a customer. Those were the days when you reciprocated with favors, see. "You scratch my back and I'll scratch yours."

Did you know that I put in most of a year loaned by the bank to correct wine legislation? That's when I had my contract with Adlai [Stevenson].

Teiser: What year was that?

Critchfield: 1935.

Teiser: Who were you working for then?

Critchfield: The bank paid me, but the Institute paid the expenses and was supposed to furnish me with all the money I needed to grease the skids. That's one good way to express it.

Teiser: You were what's known as a lobbyist?

Critchfield: I was. I was a super-lobbyist, because I would fly from Columbus over to Madison, up to St. Paul.

Teiser: Was all this concerned with getting legislation?

Critchfield: Corrective legislation in the states, in the big potential wine-consuming states.* It was tough

*See also Appendix II.

Critchfield: work; it was awfully tough work. And we should have got that Illinois deal through. Adlai and I both felt bad.

[Shows pamphlet, "Memorandum Concerning Proposed Amendments to the Illinois Liquor Control Law with Regard to Wine" by Adlai Stevenson, Of Counsel for Wine Institute, May 30, 1935]

This contains a very good set of arguments why Illinois should pass this bill. Well, we got it through the Senate, but the Speaker of the House was a family friend of Adlai's and he said, "Don't submit it to the committee here. They're a bunch of thieves." Any bill that had to do with liquor, you see, was a money bill, and he said, "They're hungry." But he said, "At the last session we'll take it up. I'll maneuver it into a vote." And we got a vote on it, but we were short seventeen votes of passing it. We had a good bill. It was just like California--very low tax, a few dollars for the storing of some wine only. That would have put an outlet there that was worth millions and millions to the wine industry.

Adlai was a gentleman. I met him first when he was out here working under Hugh Johnson's blue eagle. Do you remember what the blue eagle was? A national program. Hugh Johnson was given the job as national price fixer, more or less.* They would hold hearings with industry and hear the buyers and sellers, the manufacturers and consumers and buyers, give their opinion of what was fair prices. And Mr. Johnson would put his seal of approval on it and it became more or less law then. And Adlai was working for Hugh Johnson, for that organization, in agricultural prices, and was sent out here to hold a hearing of the wine industry. Now this is something you haven't got yet. This is a chapter that really belongs in here. They held hearings for two or three days, and one day we took him up to Asti. I went along, and Bob Wilson of the State Chamber of Commerce,

*Director of the National Recovery Administration.

Critchfield: and Harry Caddow, and we were invited to get back to Beaulieu in time for a mid-day meal that was out of this world. The old man who ran that was [Georges] de Latour. We were held up a little by a prairie fire somewhere, but we got back and started in I suppose about half past one with champagne cocktails. And then they brought in big platters of first breasts of doves.

Teiser: What year was that?

Critchfield: This was before '35, because '35 was when I got into that work in Illinois. And then he brought his finest wines out. And then another platter with pheasant. I was sitting next to Harry Caddow, and I said, "Harry, is this the main course?" on the first dish, the doves. And he said, "Yes." We were late, and we were hungry. But we sat there for about three hours and ate. One course after the other. And the old man was then in his eighties and could hop up those steel stairs in that winery like a goat.

Then the next day I didn't go along. They took him down to the wineries at San Jose and then to Del Monte.

Teiser: So Adlai Stevenson got a good look at the California wine industry.

Critchfield: Stevenson knew a lot about the business, the wine business. When I got ahold of him and hired him, he was with one of the leading law firms in Chicago. He had two good traits: one was his ability to meet people and get along with them well, and the other was the prestige of the Stevenson family. You see, his grandfather was a former vice president of the United States, Adlai Stevenson.

Final Typist: Kay Sugimoto

APPENDIX I

Memorandum by Burke H. Critchfield, 1970

The government presented a case to the federal grand jury in 1942 against the wine industry of California. The title USA vs Bank of America was used because the industry organization plan was developed by Burke H. Critchfield, vice president of the Bank of America, and some members of the industry and some of the bank officials apparently are said to have had conversations about wine prices from time to time (not B.H.C.).

Critchfield had kept USDA officials in close touch with the development of the program. These officials were considering a loan program for the raisin grape industry and made their decision tie in with this wine program and more or less contingent on its development.

When word got out that the federal grand jury were about to bring an indictment of industry leaders we sent Mount K. Wild, of Fresno, who helped develop the contractual documents, to Washington, D.C., to contact the various government men Critchfield had worked with and with the anti-trust people and Attorney General Biddle. General Biddle sent word to the Grand Jury in San Francisco to "lay off" the wine industry.

The program developed by Critchfield did not warrant adverse legal action, and helped to bring fair prices to all grape growers in spite of tremendous crops.

APPENDIX II

Report by Burke H. Critchfield to the Wine Institute, June 19354. REPORT BY BURKE H. CRITCHFIELD

Mr. Burke H. Critchfield, who has been assisting the Wine Institute in meeting Eastern and Midwestern legislative and marketing problems, has made a most interesting and highly significant report. The following are excerpts from Mr. Critchfield's statement:

The keystone of the program of the Wine Institute has been the improvement of wine quality. Without quality it is impossible to expect to educate the buying public in the use of wine. Wine must taste good, not only to those who know wine, but to those who are unacquainted with it. Most Americans are in the neophyte class as far as wine is concerned. It is essential that once wine is purchased, the buyer will react favorably and be encouraged to continue its use.

While the program of quality improvement is now taking positive effect in California, its effects nationally will probably be rather slow, for various reasons. One of the principal reasons is that there are scores of so-called wineries throughout the country, and especially in the metropolitan New York area and other large populous centers, which although securing their basic supplies from California, have not been and will not be governed by the California wine quality standards. Many of these are in the business only for an immediate profit and apparently care nothing about building for the future. If the quality, or rather lack of quality, of their product is any indication, they do not intend to remain in the wine business long. The conclusion is that as long as we continue to supply that type of distributor with our wines and such distributors are allowed to prostitute our wines, there naturally will be offered to consumers large quantities of substandard and compounded products which should under no circumstances appear on the market. The solution to this problem is definitely in the hands of the California vendors if they will confine their sales to the reliable distributors. For without wine to blend, sugar, ameliorate and generally ruin, this disturbing element would be almost immediately eliminated from the picture. To emphasize further, instances are common where California wineries, in addition to maintaining distribution in a particular market, are selling to operators of the type above mentioned and the latter are known to under-sell the distributing wineries. Raisins, dried grapes, concentrate, extracts, water and sugar are in no small measure entering into this picture. These compounds are put out as "wine" in elaborate packages, with intriguing vintage statements, sometimes "guaranteed." It is small wonder that the consumer purchaser of this type of merchandise loses interest in wine.

While definite progress is being made in the correction of adverse and discriminatory legislation affecting wine throughout the country, it is imperative that the wines of California be of such quality that they will be greatly superior, according to type, to the inferior products which have been offered for sale. And while on the subject of quality, it is our suggestion that the most meticulous care be exercised as to quality when a new brand is being introduced into a lukewarm market. This applies especially to the situation when the wine trade is moving into the many new markets which are being opened up by the legislative reforms for which the Wine Institute has been working.

Much work is yet ahead of the grape and wine industry in a legislative way before the marketing channels now clogged with unfavorable wine legislation are fully opened. It will take several years. Progress will be greater if the wine industry has cleaned its house and definitely established quality wine with the trade and consumers. A continuation of activity on the part of the Wine Institute nationally and throughout the states where and when such is possible will probably be the most inexpensive method by which channels of distribution can be opened and wine consumption increased. Wine merchandising methods must be improved. The California grape grower and wine producer can expect a market for their light wines only from the consumers of the present 25 to 30 million gallons of homemade wine when the aforementioned conditions are met. To develop a market among the American people generally is going to take patience and a tremendous amount of educational work. This will probably involve creating a taste and liking for table wines and some change in drinking habits. Before prices can be stabilized it must be fully recognized that there are just as distinctive grades of wine as there are distinctive grades of canned fruit or makes of automobiles.

APPENDIX III

Members of Central California Wineries, Inc.

Acampo Winery & Distilleries, Inc.
Acampo, Calif.

Alta Winery & Distillery
P.O. Box 36
Binuba, Calif.

Bisceglia Bros. Wine Co.
Mattei Bldg.,
Fresno, Calif., and
Reedley, Calif.

Central Winery, Inc.
Bank of America Bldg.
Fulton & Tulare Sts.
Fresno, Calif.

Box 303
Kingsburg, Calif.

St. Helena, Calif.

Colonial Grape Products Company
of California
Elk Grove, Calif.

Crest View Winery, Inc.
P.O. Box 1425
Fresno, Calif.

Da Roza Winery
P.O. Box 707
Lodi, Calif.

Di Giorgio Fruit Corporation
433 California St.
San Francisco, Calif., and
Sierra Vista Ranch
Delano, Calif.

Franzia Bros. Winery
Rt. L, Box 124
Ripon, Calif.

J. Frasinetti & Son
P.O. Box 113
Florin, Calif.

Fresno Winery, Inc.
911 Helm Bldg.
Fresno, Calif., and
Shaw & Winery Aves.
Clovis, Calif.

Italian Vineyard Company
815 Transamerica Bldg.
Los Angeles, Calif., and
Guasti, Calif.

E. Morello
Rt. 2, Box 187
Kerman, Calif.

Mount Tivy Winery, Inc.
P.O. Box 1588
Fresno, Calif.

F. Pirrone & Sons Winery
P.O. Box 226
Salida, Calif.

St. George Winery
P.O. Box 326
Fresno, Calif.

San Joaquin Winery &
Distillery, Inc.
P.O. Box 134
Fresno, Calif.

Tulare Winery Company
P.O. Box 148
Tulare, Calif.

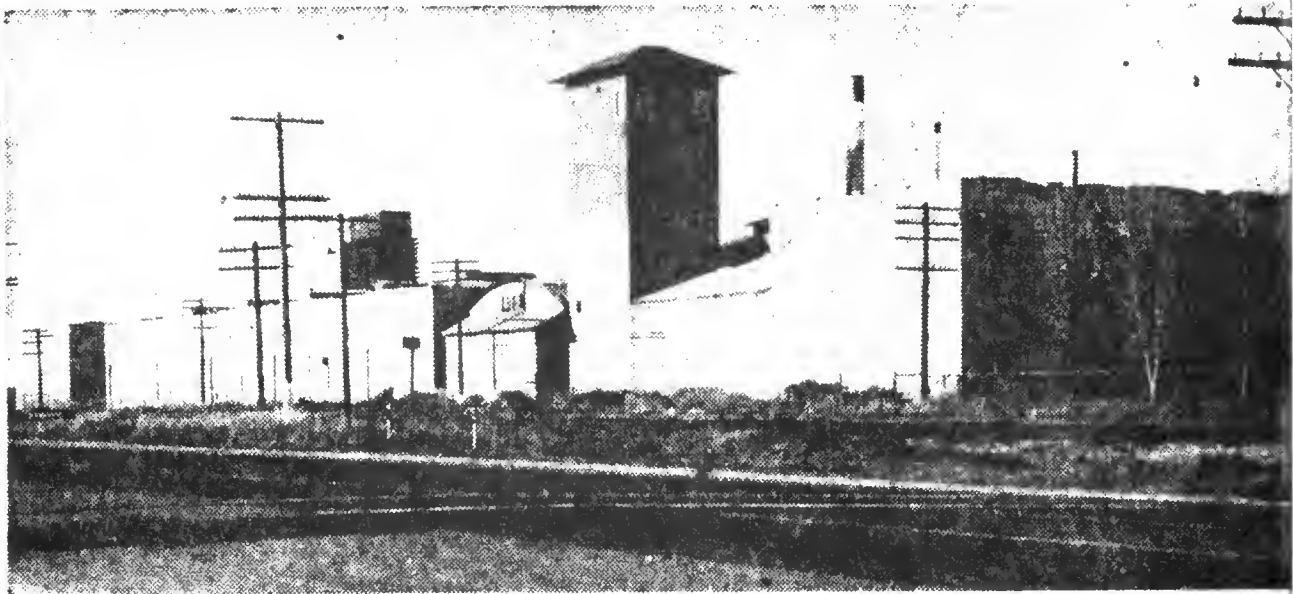
Village Winery, Inc.
Box 216
Escalon, Calif.

THE FRESNO BEE

THE REPUBLICAN

FRESNO, CAL., TUESDAY EVENING, MARCH 12, 1940

RESERVOIR FOR VALLEY'S VINTAGE WINES



The L. M. Martini Winery at Kingsburg, which has been purchased by the Central California Wineries, Inc., for use as a storage and blending plant in a cooperative industry program. Established originally by the former Italian Swiss Colony concern, it was operated until the prohibition era by the California

Association of which the Italian Swiss began. Later the plant was acquired by the late B. subsequently purchased by Martini who made v. months following repeal and two years ago complete the winery. The photograph shows the plant as Golden State Highway.

Wine Stabilization Group Purchases Kingsburg Plant Of Martini Firm

Winery Will Be Used For Blending, Aging Product; Vintners Say Move Will Strengthen Grower Prices

Officers of the Central California Wineries, Inc., today announced the purchase of the L. M. Martini Winery at Kingsburg and plans for an additional large storage and blending plant, involving a total outlay of more than \$1,000,000 in what they termed the most important step taken by the wine industry since the repeal of prohibition.

Facilities made possible through the deal, they said, will accomplish various objectives for the mutual benefit of growers and vintners and likewise assure the trade and the public of the highest quality of fully aged sweet wines.

Acquire Inventory

The entire 2,000,000 gallon inventory of vintage sweet wine in the Martini plant was acquired with the property which will be enlarged to provide storage and blending facilities for more than 10,000,000 gallons. About half the present inventory dates back to the time of the prohibition law's repeal.

Construction plans call for at least 5,000,000 gallons additional storage, in addition to other added storage under the present roofs. Both concrete and wood tanks will be installed as well as design refrigeration, laboratory electrical and steam equipment.

Release Storage Facilities

The CCW officials said they also will release the storage facilities of member wineries production of new wines from coming crops and enable wineries to hold a desirable percentage of present stock further maturing.

Growers, they provided with for grapes, strength the bal. tucers may expect continued CCW cash on delivery. Calvin L. Russell, president, said:

"The purchase plant from Louis associates representative in the industry of California

High Quality

"This far Russell said, "in the hands of CCW well balanced, grade wines by the most important that has been to industry since repeatable to the trade, sampling public high grade vintage future.

"Equally important plans still in the nation, crystalline meetings of the members of Central California Wineries, Inc., together with conferences between of CCW and the headed by the

'S VINTAGE WINES



association of which the Italian Swiss became a subsidiary. Later the plant was acquired by the late E. Y. Foley and recently purchased by Martini who made varied improvements following repeal and two years ago completely remodeled winery. The photograph shows the plant as seen from the State Highway. Staff Photo.

facilities made possible through deal, they said, will accomplish objectives for the mutual benefit of growers and vintners alike. They will assure the trade and public of the highest quality aged sweet wines.

Acquire Inventory
The entire 2,000,000 gallon inventory of vintage sweet wine in the plant was acquired with property which will be expended to provide storage and aging facilities for more than 10,000 gallons. About half of present inventory dates back to time of the prohibition law.

Construction plans call for not more than 5,000,000 gallons additional storage, in addition to other storage under the present plans. Both concrete and wooden tanks will be installed as will large refrigeration, laboratory, electrical and steam equipment.

Release Storage Facilities
The CCW officials said the program also will release the storage facilities of member wineries for production of new wines from young crops and enable the series to hold a desirable large percentage of present stocks for their maturing.

Growers, they explained, will be provided with additional outlets for grapes, thus tending to strengthen the base price which producers may expect to receive on continued CCW policy of paying cash on delivery.

Calvin L. Russell of Tulare the president, said:

"The purchase of the Kingsburg plant from Louis Martini and his associates represents an epochal chapter in the wine and grape industry of California.

High Quality Assured

"This far reaching program," Russell said, "not only brings into the hands of CCW an exceptionally well balanced inventory of high grade wines but also represents the most important forward step that has been taken in the wine industry since repeal in making available to the trade and of the consuming public a wide variety of high grade vintage wines in the future.

"Equally important are other plans still in the process of negotiation, crystallized at a series of meetings of the seventeen members of Central California Wineries, Inc., together with a series of conferences between the management of CCW and the financial agencies headed by the Bank of America.

Bank of America

MEMBERS

B H

CHIEF

SECRET

HEAD OFFICES

WALL STREET

IN FRANCISCO, CALIFORNIA

Growers Will Get Cash

"Of primary importance to growers and to business generally in the San Joaquin Valley will be a continuation of the policy, announced when CCW was organized last Summer of paying cash to growers on delivery of their grapes."

Acquisition of the winery together with its inventory, brings the total volume of wine now in the hands of CCW to approximately 16,000,000 gallons. This includes all of the unsold wines made by CCW members during the 1933 season plus all of the aged wines held by members and includes blocks of wines acquired in interwinery transactions for storing, aging and blending purposes.

Through the facilities of the new plant, it was pointed out, various advantages will be made possible. The following were stressed:

First—Facilities not now available for aging and blending of over 10,000,000 gallons of local wine (stepping CCW's total capacity up to 20,000,000 gallons), making it possible to assure the highest standards of sweet wines and to further establish for Central California the growing reputation that here is the recognized sweet wine capital of America.

Brandy Market Aided

Second—Release the storage facilities of member wineries, thus enabling them to supply a rapidly growing market for sound, fully aged vintage wines.

Third—Provide facilities for merchandising commercial brandy and fortifying spirits while developing an energetic sales campaign for California brandies in competition with imported products not now subject to the same strict regulations that are required of domestic liquors under state and federal regulations.

Fourth—Enable the industry to establish, for the first time since repeal, an adequate supply of vintage wines. It has been pointed out frequently that at certain seasons there has been less than one year's supply of wines on hand, whereas normal trade requirements for quality wines necessitate a storage of aging wines equal to at least two or three years total production.

New Grower Outlets Seen

Fifth—Provide the growers additional outlets.

Sixth—Provide storage sufficient so that the crushing of grapes can be done more rapidly. Growers thus will not be required to hold their grapes for long periods of time, but can deliver them as they mature for crushing.

Probably that the storage facilities may later be further expanded to more than double the present contemplated capacity was indicated by Russell.

More Storage Needed

"It probably will be necessary," he said, "to have more storage capacity for our wines before this program is finally completed. Aging facilities in California should ultimately be of sufficient capacity to receive the grapes offered and to take care of wines manufactured by nonmembers who do not have the capacity for storing and aging their wines and must have some place where they can be stored, aged and cared for at a minimum cost."

Their individual plant capacities would then be available to take care of each season's crush during the vintage season and an adequate supply of properly matured wine would be available to the merchandising factors in the industry. This would avoid the forcing of young or immature wine into consumption in the future.

Active in the negotiations in addition to Russell and B. H. Critchfield, vice president of the Bank of America and a long general manager of CCW, were a number of leading vintners including Joseph Di Giorgio, CCW director and proprietor of the Di Giorgio and Earl Fruit Company vineyards.

Pratise Move

Enroute to New York, Di Giorgio said: "The new program of CCW accomplished with the cooperation

of the major commercial and cooperative wineries, together with the progress they have made in balancing inventories during the last six months, represents one of the most far reaching developments for the benefit of California agriculture. The policy of cash payments to growers for their grapes will of course be continued."

Di Giorgio paid tribute to President L. M. Gianinni and other officers of the Bank of America.

"With their farsighted leadership in financing the industry and with the fine cooperation of a score and a half of grower minded winery concerns," he said, "we now have available adequate finances, approximating \$20,000,000 and during the next twenty months we have every reason to believe we will be successful in putting into effect constructive policies many of us have been hoping and working for ever since repeal."

Loaned By Bank

Critchfield was loaned to CCW by the Bank of America. Commenting on today's announcement he said:

Stabilization Group Buys Martini Kingsburg Plant

This expanded program will include the plans developed by member wineries of CCW when the organization was conceived and established last fall to avoid the chaotic situation which then threatened the grape industry and the growers with prospects that grapes would sell as low as from \$3 to \$5 on.

One of CCW's primary objectives is to provide a cash market for grapes. During the delivery season, growers were paid in full each week, payments averaging from \$11 to \$13 on. Under this expanded program the continued welfare of the grape grower will be a substantial factor in efforts to stabilize the grape and wine industry during the future years.

new facilities now provided by the CCW group should be completed in time to take care of the large tonnage in 1951.

Not Restricted To Members

Our facilities for storing, aging and blending of wine will not necessarily be restricted to member wineries but will be available to others. In fact a number of the smaller independent wineries are now contemplating participation with CCW in a national sales program.

With the sale of the Kingsburg plant it was understood that Martini will devote his efforts to the continued development and merchandising of high grade dry wines in the Napa Valley where he has extensive vineyard interests and up-to-date cellars.

Other CCW directors and officers active in handling the negotiations are J. B. Gundert, vice president of CCW, former president of the Farmers and Merchant Bank at Lodi and president of the 3,000,000 dollar Acampo Winery at Lodi; Charles Dubbs, president of the Alta Winery and Distillery at Dinuba; and M. K. Wild, attorney and CCW director.

Members Are Listed

Other member wineries are Earl Company and Wallace Winery, Delano; Tulare Winery Company, Tulare; A. A. Winery and Distillery, Dinuba; St. George, San Joaquin; Fresno; California Wineries, Distilleries, and Crestview; Fresno; Morello Winery, Kern; Manzla Bros., Escalon; Bisaglia, Los Angeles; Frazinetti, Florin; Acampo and Da Rosa, Lodi; Colonial Grape Products, Lodi; and others.

Other wine industry leaders formally commented as follows:

J. B. Cella, president of J. B. Cella Company: "Our company is actively participating with the industry and with the CCW group in the cooperative program to stabilize the industry and bring better prices to the growers. We are elated over the expanded program and extend our congratulations on its consummation. Under the able management of Calvin L. Russell and Burke Hutchfield it is sure to succeed."

S. W. Markleroad, president of Wine Institute and general manager of Martini Wineries—The Martini Company and ourselves know that this announcement marks the beginning of a new chapter in the progressive development of the California wine business. It means added prosperity in every community where grapes are grown.

Termed Forward Step

Frank Giannini, president of the Tulare Winery Company—This is a great forward step in a struggle against heavy odds to rebuild the wine business of Central California. This new program means great progress for the grape and wine industry.

W. W. Wishek, cashier, Farmers & Merchants Bank of Lodi—This is the biggest thing in the industry since repeal. Through the added facilities made possible by present financing, far better wines will be available to the consumer in the future. This will broaden our markets and, coinciding as it does with the \$2,000,000 industry advertising program, it will put the wine business again on a solid foundation. This will bring prosperity to Lodi and all other wine producing communities.

A. R. Morrow, vice president of Fruit Industries and chairman of the board of Wine Institute—This is not only good news to the wine industry which has been struggling ever since repeal to establish itself on a sound basis, but it will be equally good news to the trade. There is a constantly growing market for better wines and the fact that the industry as a whole is launching into a program of maturing and aging its products should bring about increased consumption of our wines with better prices than have prevailed in the past when some of the inventories were so weakly held that they served to depress the whole market.

J. V. Bate, Lodi district vintner—This marks the beginning of great forward strides in the production of vintage wines and in the development of greater markets for California varieties. It is of vital importance to growers and should be of great benefit to all grape growing communities.

A. S. Irakian, California Growers Cooperative Winery—I have been advocating an industry stabilization program for years. This is a great move for the grape growers and for the wine industry. We owe a debt of gratitude to the Bank of America and others for providing the leadership and the financing which has made this thing possible.

Home Economics Unit To Meet In Tulare

HELENA

ST. HELENA, NAPA COUNTY, CALIFORNIA



Greystone winery, which has been purchased by Bank of America, which recently sold by Bank of America, which recently

In an exclusive release to the Star yesterday, sale of the Greystone winery, at St. Helena's Northern city limits, was officially announced by Central California Wineries, which acquired the big plant from Bank of America. CCW, a non-profit corporation, operating with a membership of 19 wineries located in the principal vintage regions of the State, is headed by Calvin Russell, president, and B. H. Hutchfield, vice president and general manager.

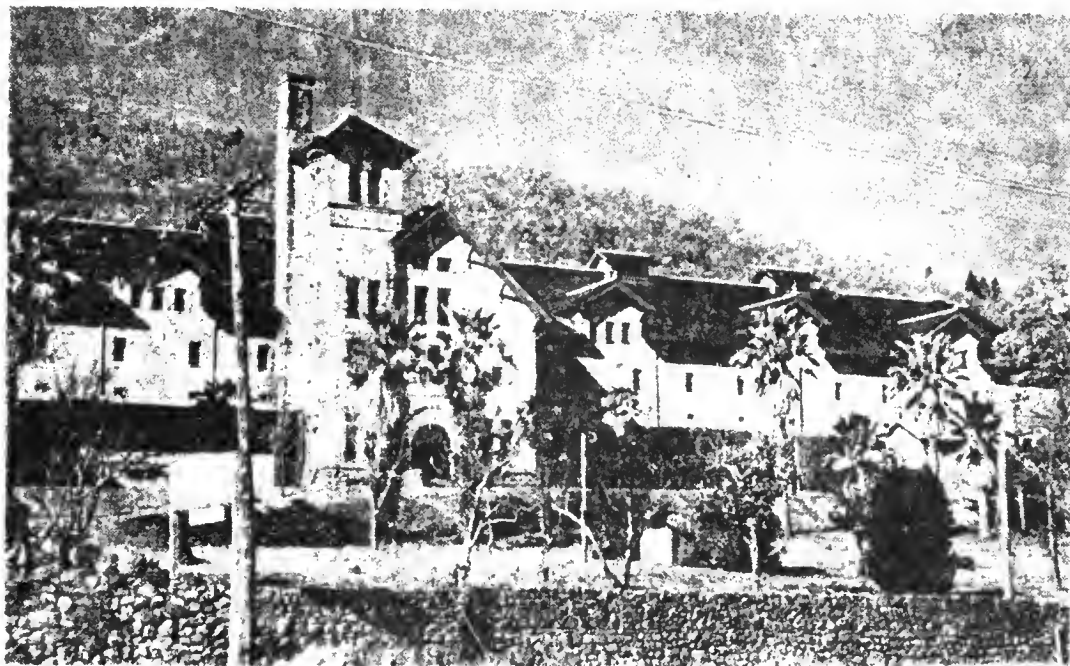
Greystone, as a result of the sale, will become a central point for CCW's dry wine division and operations, working with the 19 other units and the organization's distributing plant in the East. Fine old stocks of Napa and Sonoma county dry wines, now aging in the oak casks, as well as the agency barrels of Greystones were also purchased by CCW. The group will now be in position to acquire a selected inventory of Sonoma and Mendocino county wines, from other wineries in the district, as well as crushing a large amount of grapes this fall.

Greystone, 2,000,000 gallons installed. Of the cooperative storage was a whole year's red wine cellar present the district market. Greystone, other in the increased, dry wine, a state, the product, Thro, damp, tuat

HELENA STA

NAPA COUNTY, CALIFORNIA, FRIDAY, APRIL 19, 1940

Changes Owners



Greystone winery, which has been purchased by Central California Wineries, non-profit organization of 19 wineries, located in the important grape growing regions of the State. The famous old show place was sold by Bank of America, which recently acquired the property. Star Photoengraving.

In an exclusive release to the Star yesterday, sale of the Greystone winery at St. Helena's Northern city limits, was officially announced by Central California Wineries, which acquired the big plant from Bank of America. CCW, a non-profit corporation, operating with a membership of 19 wineries located in the principal vintage regions of the State, is headed by John Russell, president, and B. H. Critchfield, vice president and general manager.

Greystone, as the result of the sale, will become a central point for CCW's dry wine division and operations, working with the 19 other units and the organization's distributing plant in the East. Fine old stocks of Napa and Sonoma county dry wines, now ageing in the oak casks, as well as the ageing tunnels of Greystone, were also purchased by CCW. The group will now be in position to acquire a selected inventory of Sonoma and Mendocino county wines, from other wineries in the district, as well as crushing a large amount of grapes this Fall.

Greystone cellar has a capacity of 2,000,000 gallons, and it is contemplated that an additional 1,000,000 gallons of storage cooperage may be installed.

Of the 2,000,000 gallons of present cooperage, some 700,000 is fine oak storage for which the old winery was long famed. Biscaglia Brothers, who purchased the plant some nine years ago, added 1,000,000 gallons of redwood cooperage, which, with miscellaneous storage, makes up the present capacity. Also included in the deal is the still for making commercial brandy.

Greystone will cooperate with other extensive dry wine wineries in the campaign to popularize and increase sales of quality table vintages. Entrance of CCW into the dry wine field is certain to exercise a stabilizing influence on the industry, leaders are agreed, inasmuch as the plant will act as a storage reservoir for wines made by smaller producers of the dry wine area. Through this holding capacity, a dampening effect upon price fluctuations is expected resulting in par-

ticular benefit to smaller producers. Another, and equally interesting factor, is the decision to make the old winery once again a show place for visitors, who will be taken through the plant and shown how St. Helena's world famous vintages are made.

Greystone has an interesting history. Built by the late W. B. Bourn and Everett Wise, in the late '80s in the heyday of the old wine industry, it was later acquired by the late Charles Carpy, and subsequently operated by Carpy, as head of the old California Wine Association. Near the end of the prohibition period it was bought by Biscaglia Brothers, who operated other enterprises in San Jose. It was long known as the largest stone winery in the world, and the largest under one roof. No change in personnel is contemplated by the new owners, it was reported.

Russell and Critchfield were in St. Helena last Saturday to inspect the property, CCW, of which the two men are the heads, recently bought the Martini plant in the San Joaquin valley.

Grower Members Like New Community Plan

Grower members of the Community Grape Corporation are enthusiastic about the new financing plan whereby \$15 cash advances per ton will be made this fall by the big cooperative, W. A. Spooner, secretary manager, reported yesterday.

Arrangements for financing the set-up were made through the Lodi branch of the Bank of America. Under it warehouse receipts are issued and the loans made on them. With the sales of the wine made by Fruit Industries, Ltd., payments are made by the marketing organization to the bank which credits a certain amount per gallon against redemption of the receipts, the remainder being credited to the winery. In this way a simple bookkeeping transaction auto-

matically pays back the loan as wine sales are made.

Spooner praised the Bank for Cooperatives, former financial affiliate, highly and declared that in all the dealings the Lodi cooperative had with the Berkeley government agency only harmony existed.

The fact that under government rules cash advances under commodity loans had definite restrictions induced the local cooperative to take advantage of the new plan worked out by the Bank of America for wineries of the state. It was pointed out that a definite need for a higher price level existed this year because of conditions, and past experience in the wine business indicated that the advance level raise was entirely justified.

August 13, 1937

Community Grape Corporation - Lodi Branch
Secured commitment \$575,000

The Sub-Committee of the General Finance Committee approved of a commitment of \$575,000 to the Community Grape Corporation to be utilized approximately as follows:

Advances of 20¢ a gallon on old wine of
approximately 650,000 gallons - \$130,000

Advances of 50¢ per proof gallon for old
Commercial Brandy in new oak cooperage - 30,000

Advances of 20¢ a gallon on 1937 vintage
sweet wine on approximately 1,750,000
gallons - 375,000

Advances of 50¢ a gallon on 1937 distilla-
tion Commercial Brandy in new oak cooperage
on approximately 75,000 gallons - 37,500

Total \$572,500

Upon receiving proper authority from the borrower, wine may be released to the Fruit Industries, Ltd. subject to receiving an assignment of the proceeds thereof from the borrower accepted by Fruit Industries, Ltd. The old sweet wine is to be released upon payment of 20¢ a gallon for 1937 vintage on the basis of 22¢ a gallon. All brandy is to be released on the basis of 60¢ per proof gallon. It is understood that Fruit Industries, Ltd. is to remit to the Bank the full proceeds of all sales and that the excess over and above the release value is to be credited to the borrowers account.

This loan is to be further secured by an assignment of the proceeds to be derived from the sale of wine and brandy now held by Fruit Industries, Ltd. having a value of approximately \$275,000.

San Francisco Chronicle
October 24, 1970

CRITCHFIELD, Burke Horace — In St. Helena, Oct. 23, 1970, Burke Horace Critchfield, loving husband of Helen B. Critchfield, brother of Harry Critchfield of St. Helena, Catherine Edwards of Baytown, Texas; also survived by numerous nieces and nephews; a native of North Dakota, aged 82 years; vice president of the Bank of America of San Francisco for many years.

Services will be held Monday, Oct. 26, at 2 p.m., at the MORRISON FUNERAL CHAPEL, St. Helena. Inurnment, Mountain View Cemetery, Oakland.

Oakland Tribune
October 27, 1970

Services Held for B. H. Critchfield

Funeral services were held in St. Helena yesterday for Burke H. Critchfield, 82, former Bank of America vice president and operator of a tree farm near St. Helena, who died last Friday after a brief illness. **Oct. 23, 1970**

Following graduation from North Dakota State University, Mr. Critchfield began a long and distinguished career in banking, agricultural economics and government service. He worked for the U.S. Department of Agriculture before joining the Bank of America in 1927.

During the depression he helped save California grape growers and wineries from suffering great financial losses by working with industry representatives in financing a program to save the grape crop. Under his leadership, Mr. Critchfield organized a program to divert a large per-

centage of the grape crop into a storage commodity, grape brandy, thereby avoiding destruction of almost half the crop and providing growers with a financial return.

After retiring from the Bank of America, Mr. Critchfield developed a nationless grain storage bin during World War II to save on critical materials needed in the war effort. His bins provided storage for more than 25 million bushels of grain in the wheat belt.

A resident of Berkeley for more than 20 years, Mr. Critchfield purchased the Glass Mountain Ranch on the Silverado Trail north of St. Helena in 1953 where he established the Critchfield Tree Farm and Nursery, where customers could cut their own trees. He sold the tree farm in 1965.

He was a member of the Scottish Rite Bodies of Fargo, North Dakota, the alumni association of North Dakota State University and the University of Minnesota, where he did graduate work. He also belonged to the Commonwealth Club of San Francisco.

He is survived by his widow, Helen B. Critchfield, of St. Helena; a brother, Harry M. Critchfield also of St. Helena; a sister, Mrs. Catherine L. Edwards of Baytown, Texas; He also leaves several nieces and nephews, including Burke M. Critchfield, an attorney, and Thomas J. Critchfield, a dentist, both of Livermore; William Critchfield of Berkeley and Mrs. Elizabeth Herm of Orinda.

Services were held at the Morrison Funeral Chapel, St. Helena.



Carl Wente
Photograph courtesy of Bank of America Archives

Carl F. Wente was born into a prominent California wine making family on March 27, 1889. He was the son of Carl H. Wente, who established the winery near Livermore, and the brother of Herman L. and Ernest A. Wente, who continued it under the name Wente Bros. An account of the winery is given in the interview in this series with Ernest A. Wente, WINE MAKING IN THE LIVERMORE VALLEY.

Carl F. Wente became a banker, his special field being agricultural economics. He served as president of the Bank of America from 1952 until his retirement in 1954, and as chairman of the executive committee until 1963.

When representatives of the Regional Oral History Office talked with Mr. Wente in 1968, asking advice on the wine industry series and discussing a projected series on California agricultural economics, he suggested that Burke H. Critchfield be among the interviewees. Because of that suggestion, and because it was the intention of this office to interview Carl F. Wente himself, the following speech on the economics of the grape and wine industry is included as a supplement to Mr. Critchfield's interview. Mr. Wente died on February 1, 1971.

ECONOMICS OF GRAPE GROWING IN CALIFORNIA, 1918-1942

Remarks of Carl Wente, retired President, Bank of America
Livermore Wine Week Dinner, October 24, 1962

Generally, when a speaker appears before a trade or industry group, he tells his audience what they would like to hear. It pleases them and it makes the speaker feel good too. Generally too, he is prone to tell them how successful their organization has been and paints a glowing picture of its future. Today I am going to somewhat reverse the usual trend. I am not going to tell you how well you have individually or collectively done, nor will I forecast your future. I simply thought that I would review the past--

It has been said that when a man reminisces, that's a sign that he is growing old. I'm aware of that and I hope you won't feel that I am purely reminiscing. I thought that a look back into the history of grape growing in California since 1918 might be interesting, particularly to those of you who shared in the two severe depressions and some of the boom years in between and following them.

Just to set the stage, I would like to remind you that the 18th Amendment to the Constitution of the United States was ratified in January 1919 and prohibited the manufacture, sale and transportation of intoxicating liquors for beverage purposes. This law was repealed in 1933.

When this law became effective, the wineries in the state naturally had to close up and go out of business. That still left the wine grapes. What to do with them was a problem. There was a quirk in the law that permitted the householder to make 200 gallons of wine for his own use and consumption. As roughly 85% of all grapes in U.S. were raised in California, it appeared that this "home brew" wine would take care of the California wine grape crop. Most of the market for wine grapes was in the eastern states where the heavy wine-drinking population, who were of European extraction, lived. As grapes had to be of a tough skinned variety to stand this long 3000 mile trip, many of varieties grown in California could not be shipped. Thousands of acres of beautiful white grapes were pulled out, as such varieties could not be shipped. The owners got nothing in the way of compensation for their losses. The wineries that folded up, sold their machinery and equipment for junk. Terrific losses

were taken. The growers of that day had not learned how to run to Washington and ask for help. California, under today's version, might well have been declared a disaster area.

Those growers who had black wine grapes and particularly those with tough black skins found that the Eastern demand was strong for their crops. Some white varieties that would ship and could be mixed with the dark juice blacks were likewise in demand at better prices than the wineries in California had paid. In the boom years of 1920 and 1921 following World War I, raisin grapes and fresh table grapes felt the effects of Prohibition wine demand, and as a result all prices on such varieties went up. Raisin prices that had been less than \$100 per ton before the war started now found ready sale at about \$300 per ton.

What generally happens when fruit prices go sky rocketing, happened in the San Joaquin Valley where most of the shipping wine grapes and raisin grapes were grown. First the grape men increased their plantings. By the time that the war was over the raisin grape acreage had increased from about 100,000 acres to about 200,000 and the tonnage had gone up to about a million tons, or double pre-war tonnage.

The main acreage was in Thompson seedless, as this variety grow fast and on most any kind of land that water could be put on. Everybody got in on the act. Everybody suddenly found he could or thought he could, get rich on raising raisins. Doctors, grocers, professional men and white collar workers got themselves a vineyard. All you had to do was to get a piece of land, put in a well and pump and plant the cuttings. And for awhile, you could sell the newly planted vineyard at a handsome profit. Fortunes were made in a few years, and you didn't have to wait for many crops to do it, that is in some cases. But the day of reckoning came too soon! Before I get too far along let me relate to you an experience I had along this line with one of these hoped to get rich growers.

I was in the bank one day when a doctor customer told me he needed some money and would like a mortgage loan. On questioning him I learned that two years before he had purchased 80 acres of land and had planted it to Thompsons. I had him give the legal description and location of the property. That evening after closing time I drove out to see the vineyard. The land had not been too well levelled and had some streaks of rather coarse sand running across it. The vines had mostly all taken root but had made a very uneven growth. My inclination was to reject the loan, but due to the fact that the applicant was one of our best customers, I decided to talk to the Chairman

of our Advisory Board. He was a retired farmer and had successfully farmed in the County for years. I asked him if he would go with me to look at the doctor's vineyard and see if he couldn't find an appraisal that would justify a loan. So out we went and we walked over the vineyard. When we got back to the car, the Chairman stood there on one foot kicking the dirt. So I asked him what about it. He said, "No." "Why" says I. "Well, sir," says he, "if this vineyard had a shower of rain and a shower of manure every other day, it would still never make a vineyard." No loan! And before long, no vineyard!

When the fight was on in 1918 before the election to vote on Prohibition, wineries and grape growers did all in their means to bring about a favorable vote of the electorate. I can recall how large signs were placed in wine grape vineyards facing the roads which read: "This vineyard will be destroyed by Prohibition." Nevertheless the grape men lost. Apparently the saloon haters and the "prohibes" were more persuasive with the public. It was a great day for Carrie Nation and her temperance workers.

While practically all of the wine grapes in the Livermore Valley were pulled out, the growers in San Joaquin Valley prospered. Many vineyards there before the war and before Prohibition could have been bought for around \$100 per acre, or at about what the bare land was worth. The same property in 1921 was sold for \$500 per acre and went still higher in some areas. By 1923 it was not an uncommon experience to sell the vineyard for \$1000 per acre. The purchaser could go to an Eastern grape buyer and get an advance of up to \$200 to \$250 per acre, secured by a contract on next year's crop and use the money to make a down payment on the purchase price of the property. I saw a lot of deals of this kind made. It seemed fantastic but property changed hands at these prices. Remember income taxes then were not what they are today and most of the profit that was made was kept by the seller.

Along in August the Eastern buyers would show up and wander around the wine grape districts. Fresno and Modesto were the headquarters for these men. They were, may I say, an odd group. Some used their own money to buy grapes or had connections back East from which to draw on. Only a few had an office or a place of business. In Modesto, the lobby of the hotel was the headquarters of these buyers. A carload of grapes would be packed and loaded and an Order Bill of Lading would be issued to the buyer. Then the active trading started. The car might have been billed to Pittsburgh but the final buyer would have it rerouted to New York City or some other final destination. Most of these transactions were completed in the hotel lobby or on a

street corner. Papers were passed and the sale generally finalized in the bank under a letter of credit, with draft drawn under it, accompanied by the Bill of Lading. This kind of trading was booming in 1920, 1921 and 1922. A bad break in the market came in 1923 and gradually got worse and never did recover. The Eastern buyers, these lobby-street corner traders, left town and did not return. The selling of grapes, of course, did continue but along the orthodox method.

While the Post War I boom lasted, the usual prosperity signs prevailed. In those days around Fresno, the newly rich man wore a silk shirt and he generally drove a Cadillac. New clubs and hotels were built, as were many beautiful homes on farms and vineyards. Stores did a flourishing business and money flowed like water and everybody had it.

Let me just give you an example of what dollars a vineyard could produce. I recall a twenty-acre vineyard near Exeter planted to Alicantes. The crop was sold for cash. There were twelve tons per acre and they were sold roadside at \$80. It was not unusual at all to sell the crop on the vines for \$500 acre vineyard run, which meant that the crop was not graded before weighing.

Table grapes also felt the general boost in grape prices. Emperor vineyards in the Dinuba district sold for as much as \$2500 per acre. In a few cases, depending on location and improvements, price per acre was even higher. The same vineyards after the big bust in 1925 and 1926 could be bought for \$250 to \$300 per acre. The improvements alone were worth more than the sales price. But what is a fine dwelling worth on 80 acres of vineyard that will not pay for the care of the land?

You may wonder what the banks or insurance companies did who may have had loans on these properties. I know what the Bank of America did because I was in charge of some of these valley banks. And I also know what most of the so-called independent banks did because I had the job of cleaning up after they could no longer stand the strain and they asked us to take them over. A few of these banks were sold but most of them were rescued by the Bank of America, converted to branches, upon our agreement to pay depositors in full. How do I know? I was there, Cholly.

Before we get too far along, let me tell you about some of the community efforts that were made to prevent a bust or to salvage a situation. Following the boom days of the early 1920s, the raisin growers needed help. The California Associated Raisin Company, which had been a successful cooperative, had

gotten itself into financial difficulty, apparently figuring that high prices and prosperity would last forever. The banks, who were the largest creditors to the tune of some \$8-1/2 million, agreed to make further advances and save a bust if the Co-op were reorganized. This was done and Sun Maid Raisin Growers was the succeeding company. To keep the growers tied in, a campaign was put on in the valley to not only keep the members of the old Co-op but get all raisin growers to join. Management felt that as long as this was a co-op, a better sales job could be done if most of the tonnage was controlled. Sun Maid Growers is still operating.

While all this was going on, the vines that had been planted a few years before now were in full bearing and more raisins were made than could be marketed. So another effort was made by the growers. California Vineyardists Association was organized in 1926. This organization was to assist growers in the problem of over-production and aid in the orderly marketing of fresh grapes. A part of the scheme was to let about half of the crop hang on the vines. This idea did not materialize as only about 60% of the growers signed up. Apparently the grape men felt that it was a good idea not to pick the grapes if they could not be sold but they cooled off when some of their grapes were to be left hanging.

And so things rocked along until 1933 when the Prohibition Act was repealed. What wineries were left were not in good physical shape and lacked good management. It was almost 15 years since these wineries were in business. A few had made sacramental wines and some others were alleged to be operated by bootleggers. In any event, the wineries were not properly equipped, nor did they have the best kind of grapes to crush. Most of the grapes available were of the kind that shipped well to the East but would not make the fine quality wines California had been famed for. Wine under ordinary conditions requires some years of aging. However, with Repeal came a demand for wine, and new wines were dumped onto an eager market.

Now that Prohibition no longer prevailed, and wine making was a legal business, and good grapes scarce, the planting of wine grapes was a natural sequence. When the 1938 crop season came in sight, it looked like a million ton crush. Growers, vintners and bankers again got together and evolved a scheme to prevent some of this excess tonnage from going into wine. It was agreed that 55% of the crush, for which the growers were to receive \$15 per ton, was to be earmarked for wine. 45% was to go into brandy and high-proof spirits, and for this portion the grower would receive \$12.50. The thinking here was that brandy and spirits could be held in warehouses and, unlike wine, without handling would improve with age while awaiting a favorable time to sell.

Again the Bank of America took a lead in this scheme, not only in management but in financing it. We loaned about \$6 million while the RFC and other banks put up about 1-1/2 million. The Bank of America and Security First National, Los Angeles, each had charged off \$1 million on the raisin loan. Such losses are not soon forgotten. I might add that this deal showed a good profit when the brandy and spirits were sold out in 1942. Not only that but the \$15 price the grower got would probably have been \$3 to \$5 if there had been no plan.

In the fall of 1939 it again looked like a big crop coming on. It was obvious that with the brandy deal only one year old it could not be repeated so soon. A few of the smaller wineries who were under-financed had to dump their wine to get money. Some of their neighbors felt that this raw, unaged wine would hurt their sales. They proposed to the Bank of America that this group form a co-op called Central California Wineries, which the bank could finance, and then this would put them in a position to compete with their larger competitors. This would enable the Central California Wineries to pay the growers a decent price and to hold the wine which might otherwise be dumped before it was ready for market. Again the Bank of America put up most of the \$4 million necessary to launch this venture.

Before the C.C.W. started buying, grapes sold for \$6, and with the C.C.W. paying \$8 to \$11 per ton, the price climbed to \$15. Naturally to carry and age the wine the Bank had to advance another \$4 million. Some of the non-members, jealous of the growers and vintners in the co-op, complained of price fixing. The Department of Justice in Washington was prepared to serve papers on officers of the C.C.W. and the Bank for an anti-trust suit. Then Schenley Distilleries bought a couple of C.C.W. wineries and the government case fell on its face. The bank's help to the wine industry during that critical period has not been forgotten. The big wineries and most of the others are Bank of America customers.

Let me say here that in the coast counties when Prohibition struck there were many small wineries operating. Some of them owned vineyards but the bulk of the grapes were produced by mostly small growers who sold their crops to the local wineries. Most of these growers had no other crop, and when the wineries closed there was no other market for their specialty grapes and with most of the vines pulled they had little income. The Livermore Valley growers did not fare as well as the San Joaquin Valley growers. With no irrigation, and most of the land rolling hill land, with the vines off, the land reverted to grain or pasture. What was a flourishing business, not only for the people who were directly interested but for the Valley generally, was gone overnight.

Now when I think back and remember how raisin grape acreages went from \$150 and \$250 per acre up to \$2000 and back down again to around \$200--all in a ten-year period; when I knew a vineyard that netted the owner an annual return of over \$100,000 for five or six years, and then saw the land sold for \$50,000; when I smelled beautiful Emperor grapes fermenting on the vines in the fall of 1924 because there was no market; when honest growers borrowed on their lands and then offered deeds if the Bank would release them of their obligations; when I recall all these things and review the ups and down, I am glad I was there, but I can't help but wonder if history will repeat itself again. I don't think so. I don't want to experience it again.

And if any of you present growers think you have problems, cheer up and be thankful that you were growers in the last 25 years, which period was a Sunday School picnic compared to the 1920's.

Noted Civic Leader

Banker Carl F. Wente Dies at 81

Carl F. Wente, an internationally known banker and San Francisco civic leader, died Monday at his home, 60 Normandie terrace.

Mr. Wente, retired president of the Bank of America, was 81.

Private funeral services were held yesterday afternoon.

A native of Livermore, Mr. Wente began his banking career as a messenger with the Central Bank of Oakland on April 1, 1907. The next year he joined the First National Bank of Livermore, staying there until joining the Bank of America (then known as the Bank of Italy) in 1918.

He became president of the First National Bank of Nevada in 1934 and three years later returned to the Central Bank of Oakland as president.

BANKING

Mr. Wente returned to the Bank of America as senior vice president in 1943 and served as president from 1952 until his retirement in 1954.

Although a member of the family, Mr. Wente had no connection with the operations of the Wente Brothers winery.

He once said: "My father always said he wanted one son to be in the wine business



CARL F. WENTE
63 Years in finance

and one to be a banker. I'm the banker."

Mr. Wente was extremely interested in youth and devoted much of his time to Junior Achievement and Boy Scouting. In 1954 he was awarded the Silver Antelope, scouting's highest award for service to boyhood.

He served as president of the State Chamber of Commerce in 1954 and 1955.

Mr. Wente's wife of 55 years, Jessie, died last July.

ACTIVITIES

After his retirement from the presidency of the largest bank in the world, Mr. Wente busied himself with a variety

of civic activities, in addition to his work with youth.

In 1961 he served as chairman of the Mayor's Committee for Municipal Management. In 1955 he received a special Treasury Department citation for his work as volunteer chairman of the United States Savings Bonds program in California.

In business activities after leaving the bank, Mr. Wente served as a director of Foremost Dairies, Inc., Pacific Gas and Electric Company and Fireman's Fund Insurance Company.

Mr. Wente was appointed to the State Fish and Game Commission by the then-Governor Earl Warren in 1950, and reappointed in 1955 by Governor Goodwin J. Knight.

He served as a commissioner on that body until 1961.

GROWTH

Mr. Wente was a lecturer in management at the Golden Gate College, and had been a substantial financial contributor to the institution.

A man of vision, Mr. Wente predicted in 1954 that California would be the largest state in the nation in population by 1970. He said the state, with a population in 1954 of 12.5 million, would have 21 million by 1970, and he was not far off the mark. California's

population is expected to be 20,218,000 by July 1.

At the Bank of America, Mr. Wente had actually retired at age 60, in 1949, as senior vice president. But in 1952 he was called out of retirement to become president on the death of L. M. Giannini.

Always interested in all aspects of life in San Francisco, Mr. Wente served for several years as chairman of the board of trustees of the San Francisco Bureau of Governmental Research.

"All San Franciscans have suffered a loss in the death of Carl Wente," Mayor Joseph L. Alioto said last night. "He was a dynamic force in the building of the Bank of America and the economic growth of our city."

"His personal activities reached beyond the business community to numerous conservation programs and to youth service organizations, where he is fondly remembered," Alioto said.

Mr. Wente is survived by his sisters, Mrs. George F. Tubbs and Mrs. Edwin Hagemann, and a brother, Ernest H. Wente — who operates the winery — all of Livermore.

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PART III

Andrew G. Frericks



Andrew G. Frericks, 1958
President and Manager, St. George Winery, Fresno

INTERVIEW HISTORY

Andrew G. Frericks was interviewed at his home in St. Helena, California, on August 1, 1972, after the editing, indexing, and final typing of the interview with Burke H. Critchfield and the talk by Carl F. Wente had been completed, and Professor Amerine's introduction had been written. Originally intended merely as an informational discussion, the interview developed and is included here because it adds a succinct unified account of matters discussed by Mr. Critchfield.

Mr. Frericks, at 82, proved to have retained a clear recollection of the succession of events. The transcribed interview was sent to him on August 16. It was read to him (his eyesight is poor); he added several paragraphs of amplification, deleted a few speculative statements, and returned it on August 22, 1972.

Ruth Teiser
Project Director
California Wine Industry
Oral History Series

31 August 1972
Regional Oral History Office
486 The Bancroft Library
University of California at Berkeley

In a letter of September 14, 1972, Mr. Frericks requested that the following statement be appended to his interview:

"I sign the enclosed release with some reluctance because I had to supply the information entirely from memory of events that occurred some thirty-five years ago and there may be inaccuracies. Had the complex documents and many contracts been available to refresh my memory I am sure that a much better description of the programs discussed could have been provided. Possibly a footnote to my statements would point out that it is entirely from memory and is much too brief."

(Interview Date - August 1, 1972)

THE PRORATE AND CENTRAL CALIFORNIA WINERIES

[This interview with Andrew G. Frericks on the prorate, Central California Wineries, Inc., and Central Winery, began after a preliminary discussion of the wine industry's problems of the 1930's and the organization of the prorate.]

- Frericks: The first opposition came from the growers and wineries here in this north coast country, because they felt that the whole program was to benefit the raisin growers in Central California. They didn't think that their grapes should be partly converted into brandy, see--that they were wine grapes and they should be made into wine--that there was no surplus of that particular type of grape. That's where the opposition came in.
- Teiser: This is the prorate you're speaking of?
- Frericks: Yes, the prorate. I don't know what information you already have on the whole prorate program.
- Teiser: Some. Dr. Maynard Amerine spoke of it.
- Frericks: Yes, Dr. Amerine was quite familiar with it.
- Teiser: They had to do some quality judging, he said.
- Frericks: I think what he was referring to there is probably in connection with the brandy that was produced.
- Teiser: Yes, that's it.

Teiser: What was your official position with it?

Frericks: Well, originally, when the program started, I was given the job of supervising the brandy production. And that revolved around attaining warehouse space for the brandy, supervising the production in the various distilleries of the state, providing for the insurance, all the details surrounding production of a tremendous amount of brandy.

Then later Joe Carey, who was the original zone agent for the grape proration zone No. 2, (which handled the whole program) was relieved of his duties, and I was put in as zone agent. Which was in the latter part of the program.

So I had both the job of zone agent and manager of the Grower's Grape Products Association, which was the corporation set up to handle the brandy, and to handle the loans that the banks made to the association to finance the production of this brandy.

So I ran the show until the fall of--well, the program was originally set up for two years, but at the end of the first year the continuance was really impossible because of the litigation that developed, principally from these north coast wineries and growers.

They went to the legislature and had a bill passed, which relieved them from any obligation under the Prorate Act. So, the program committee and the industry generally decided that it would be useless to try to carry this thing on for another year.

After it was decided that no further action could be taken on the Prorate Act there were a great many meetings held in various parts of the state by representative growers and vintners as to what could be done in the coming season. It appeared another large crop could be anticipated, and in order to save what had been accomplished something had to be done. Nothing concrete came forth from these meetings. So we had to hunt around and try to find another program that could be done, to provide some relief which was needed for a succeeding year.

Frericks: That was how the Central California Wineries project got started. It was a continuance, really, of the original prorate program and the Grower's Grape Products Association which held the brandy. But it revolved around the organizing of all the wineries who were in bad financial condition into one group. And the bank, primarily the Bank of America, was interested in promoting this thing because they wanted--the object, of course, was to save the industry from complete collapse and to maintain grape prices that would save the growers.

So, then this--let's see, I have to go back a little bit--when this program began, all the wineries in the Central Valley, in the San Joaquin County area and Lodi and Fresno, and three or four or five wineries (the principal ones) in Southern California, all joined this group.

And the grapes were purchased from the growers--well, this is a little bit involved. First of all there were a lot of contracts entered into between this organization of Central California Wineries, the banks, and the non-participating wineries. The whole thing was tied together through a series of contracts.

The grapes were purchased by the corporation, Central California Wineries, Inc. They were then turned over to the processing wineries who were involved, who converted them into wine.

I'll have to go back a little to give you a clear picture of what happened. I'm trying to think of the mechanics of this thing.

The corporation, Central California Wineries, Inc., purchased the grapes, paid the grower for the grapes and the processor a fee for converting these grapes into wine, and then the processor or winery had the option of purchasing this wine back for resale. The wines processed were stored in field warehouses operated by independent field warehousing organizations, and the warehouse receipts issued by the organizations were then used as collateral for loans made by the bank.

Well, it was a control device, primarily, to provide that the growers would obtain a fair price

Frericks: for their grapes and be sure of getting their money. Because previous to that time, the industry was in such a state that when the grower sold his grapes to the winery, he didn't know if he was going to get paid or not.

Many of the wineries were in such financial condition that they stalled the growers off. They couldn't pay them and when they did they paid them very little for the grapes.

But under this arrangement the growers were paid what was then considered a fair price, considering the market conditions generally.

Well, that was a fairly successful operation for that year.

Teiser: What was the relationship between Central California Wineries and Central Winery?

Frericks: Central California Wineries was the corporation that was set up to manage the whole project of converting the grapes into wine and paying the growers for their grapes. Because of inadequate storage capacity in some wineries, as well as [inadequate] facilities for preparing the wine for market, it was thought desirable to purchase a large winery or wineries which would provide the additional storage space required. Inasmuch as this would be a joint venture participated in by some Central California Winery members, but not necessarily all, the second corporation, Central Wineries, Inc., was established. The management for the committee that administered this project, this corporation [Central California Wineries], the board of directors let's say, which included especially the larger wineries in that group, decided that they could not depend on the individual wineries to market the wines after they were produced, or to carry on the whole project successfully.

The first winery that was purchased was the winery that belonged to Martini* in Kingsburg. Central Wineries purchased that winery. Then they acquired the Greystone cellars that now belongs to Christian Brothers. The Bank of America had a big mortgage on that winery, so Central Winery corporation took over that winery as a base of operations in this [St. Helena] area.

*Louis M. Martini

Frericks: Those were the only two wineries that Central Winery actually owned, purchased and owned. Both of them are quite large and could accommodate the taking in of a lot of wine and processing it and turning it into a high grade product and a marketable commodity.

Teiser: They were good wineries, were they?

Frericks: Oh yes. They were both good wineries, modern and all. [But] that thing developed into kind of a battle. The members of the organization as well as the banks said, "What are you going to do with all this wine? How are you going to market it?" So there was a lot of by-play between the members of the board of directors of the Central California Wineries, Inc., which was really the parent company, and there was a lot of disagreement as to policy and procedure.

At about this time the Department of Justice began investigating this set-up as to whether or not anti-trust violation might be involved.

Well, all the wineries in the state, including those that were not members of Central California Wineries, were involved because there were contracts entered into between all these groups as to how this wine was going to be disposed of, who was going to take a certain percentage and market it--and some of these contracts were rather loosely drawn. So there may have been some justification on the part of the Department of Justice. I cannot comment on the exact nature of the investigation because at that time I was no longer directly connected with the Central California Wineries association.

Prior to this Department of Justice investigation, Lou Golan* entered the picture, and through his activities with the bank,** he sold them the idea that he was the guy who could take over this whole project and market the wine successfully. And then contracts were entered into with him to take the wines that Central Winery had taken in for processing and refining and finishing, and he would take over the whole marketing project.

*Louis Golan

**Bank of America

Frericks: Well, that's when I got out of the deal. I was no longer involved after that because, oh, there was a lot of bickering and there was a lot of in-fighting among the members, and the thing was set up in such a way that I was supposed to go with Golan and undertake the supervision of the processing, the preparing of the wine for market. I didn't like Golan. Besides that, I had other interests. So I dropped out of the picture, and that was my final connection with the whole project.

Teiser: As I told you, we talked to Mr. Critchfield, and his account jibed with yours.

Frericks: Well, Critchfield and I really developed this Central California Wineries deal. We sat down in a Chinese restaurant one day and laid the whole thing out on a tablecloth, just how we were going to do it. And of course I was still involved then with the prorate operation, the brandy operation. But he went down to Fresno and rounded up all the wineries who were down there and were broke and were ready to do anything in order to keep themselves in business and carry this thing out successfully.

Then eventually, as the thing grew and developed into a working organization, I got out of the brandy end of it because it was almost all over then. The brandy was all housed, and it was just a matter of selling it.

Well, the war came along about that time and that really took the brandy out of the market because the big distillers all jumped in and bought brandy. So the brandy operation was very successful. I mean the growers all got paid a reasonable amount for their interests in the thing.

Teiser: Was Central California Wineries, in the long run, successful? Did the growers and the winemakers gain by it do you think?

Frericks: I think they did, until they got to squabbling about the marketing. If Central Winery had never been organized, I mean if the two wineries hadn't been purchased, and if Golan hadn't entered the picture, I think the smaller wineries would have automatically sort of worked together and finally solved their problems.

Frericks: And if the Department of Justice had stayed out of the picture, that also would have helped. But when the thing got into that confused state, and litigation was impending which would have involved the bank, then the thing really collapsed.

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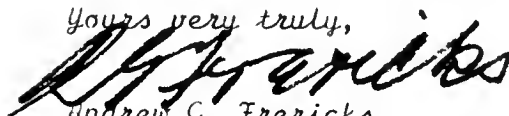
Dear Miss Teiser:

I am returning the transcript of the tape I made with you. Have made some notes relative to changes; also, deleted some of the remarks which I made because, after all, they are more or less opinions of mine rather than things of which I had direct knowledge.

I believe the corrected transcript and the notes accompanying it reveal a rather clear picture of the entire project- at least so far as I was concerned with it. One could, of course, write a much more detailed account; particularly, if one had all the documents that covered the entire project.

I am wondering if you have been successful in finding any of these documents you mentioned. If you have and want any comments from me on them I shall be glad to give them to you.

Yours very truly,



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